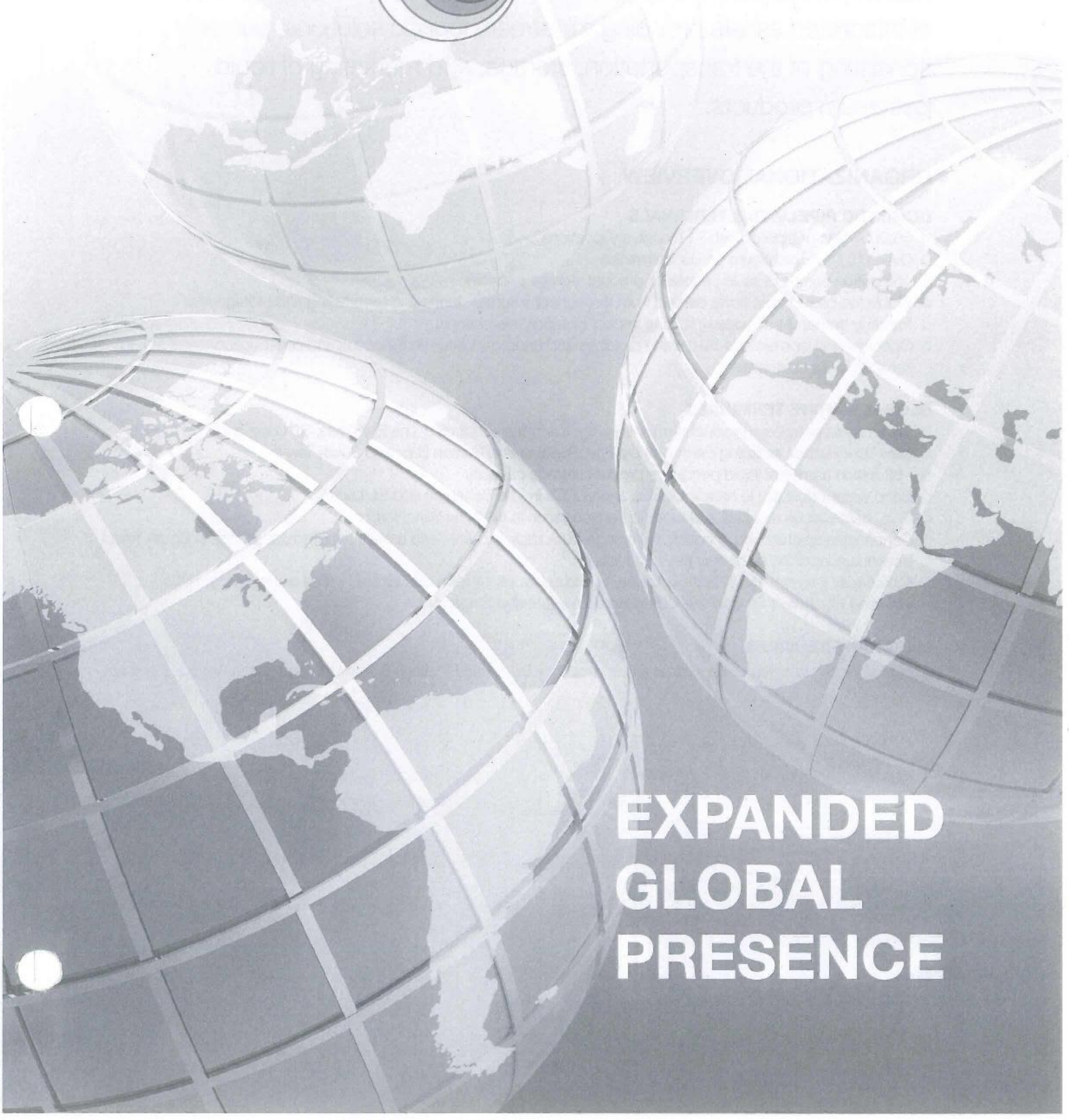
2016 ANNUAL REPORT

BUCKEYE PARTNERS, L.P.



EXPANDED GLOBAL PRESENCE

ABOUT US

BUCKEYE PARTNERS, L.P. (NYSE: BPL) is a publicly traded master limited partnership and owns and operates a diversified network of integrated assets providing midstream logistic solutions, primarily consisting of the transportation, storage, and marketing of liquid petroleum products.

ORGANIZATIONAL OVERVIEW

DOMESTIC PIPELINES & TERMINALS

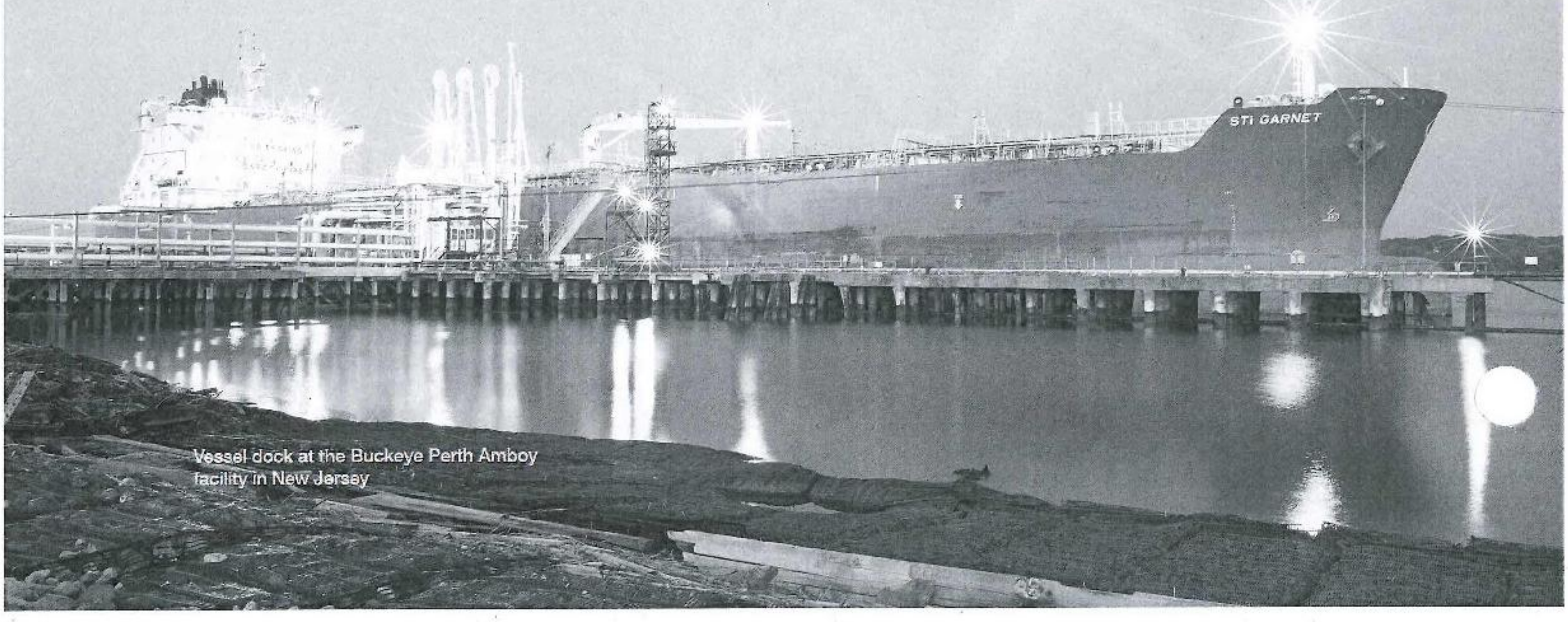
- ~6,000 miles of pipeline with ~110 delivery locations
- Over 115 liquid petroleum product terminals
- ~56 million barrels of liquid petroleum product storage capacity
- Stable fee-based cash flows derived from throughput volumes, tariffs and terminalling and storage fees
- Primarily demand-pull system; limiting impact of supply disruptions
- Operates and/or maintains third-party pipelines and performs certain engineering and construction management services for its customers

GLOBAL MARINE TERMINALS

- Seven liquid petroleum product terminals in: the Caribbean, including The Bahamas, St. Lucia and Puerto Rico; New York Harbor, including Perth Amboy, Port Reading and Raritan Bay; and South Texas
- ~62 million barrels of liquid petroleum product storage capacity
- Deep water capability to handle ULCCs and VLCCs in The Bahamas and St. Lucia
- Ship, barge, truck rack, rail and pipeline transportation in the New York Harbor
- Condensate splitters and connectivity through truck rack, pipeline, and marine handling capabilities in South Texas
- Revenue supported by take or pay contracts
- 50% equity interest in VTTI B.V., which owns and operates 14 terminals located in key global energy hubs, including Northwest Europe, the United Arab Emirates and Singapore

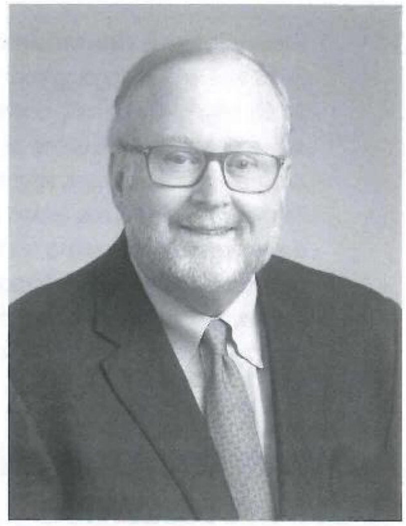
MERCHANT SERVICES

- Markets liquid petroleum products in areas served by Domestic Pipelines & Terminals and Global Marine Terminals



Vessel dock at the Buckeye Perth Amboy facility in New Jersey

DEAR UNITHOLDERS:



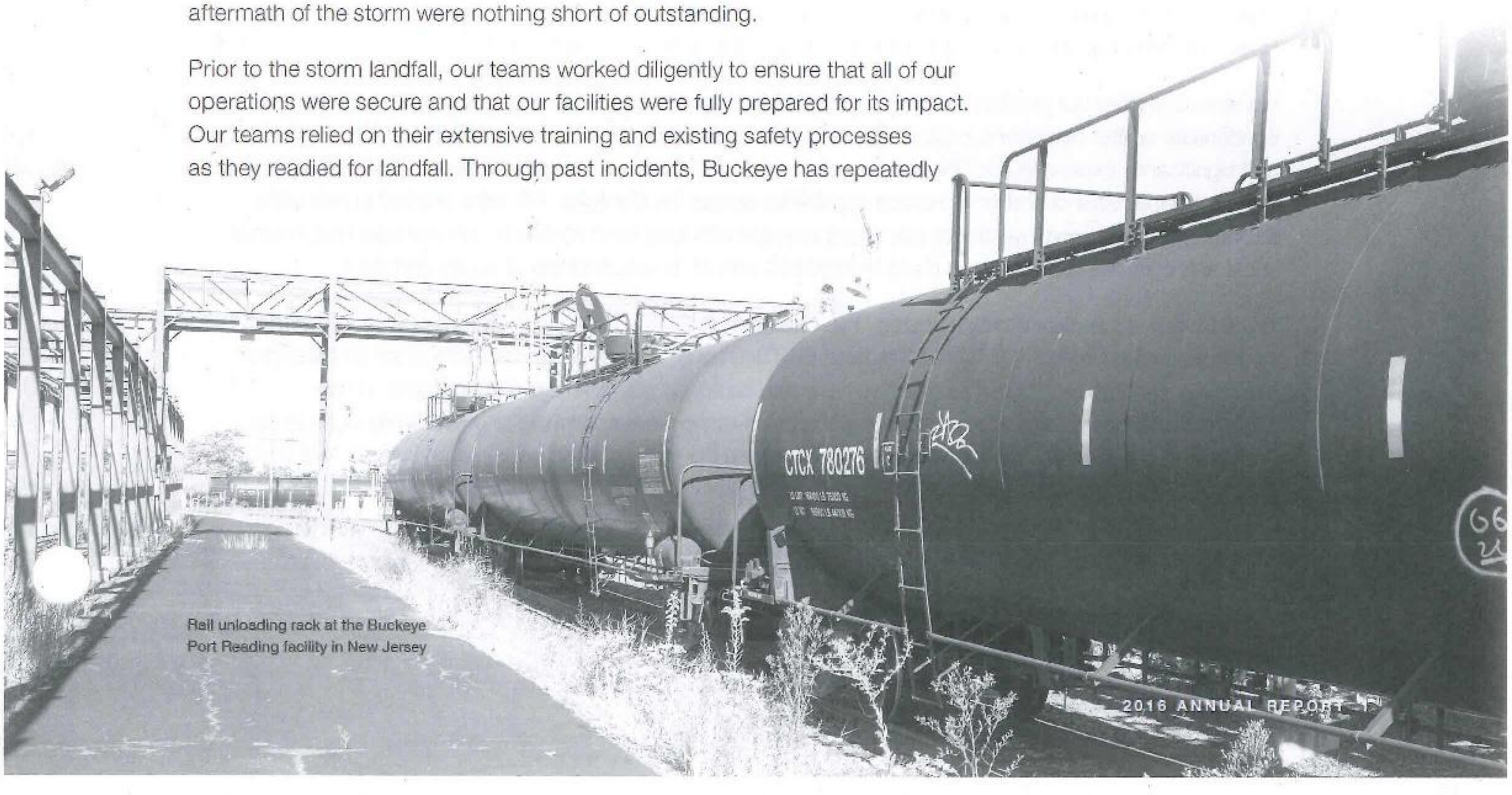
Clark C. Smith
Chairman, President and Chief Executive Officer

I AM PLEASED TO REPORT THAT 2016 WAS AN EXCEPTIONAL YEAR for Buckeye and our unitholders. Our strong financial and operational performance for the year continues to prove the value of Buckeye's culture, growth strategy and diversified asset base. We successfully completed a number of capital investment projects across Buckeye as well as executing on a significant strategic investment in an international growth platform that I am confident will deliver strong results to our unitholders. In addition to improving our position as a global enterprise, we surpassed $1 billion of Adjusted EBITDA[1] for the first time in our illustrious 130-year history.

Safely Through the Storm

Buckeye is fully committed to the safety of our employees, contractors and the communities in which we operate. Our employees were able to demonstrate that commitment when Hurricane Matthew delivered a direct hit to our Buckeye Bahamas Hub facility on the Grand Bahama Island in October 2016. Buckeye's preparation before the storm and our response and recovery in the aftermath of the storm were nothing short of outstanding.

Prior to the storm landfall, our teams worked diligently to ensure that all of our operations were secure and that our facilities were fully prepared for its impact. Our teams relied on their extensive training and existing safety processes as they readied for landfall. Through past incidents, Buckeye has repeatedly



Rail unloading rack at the Buckeye Port Reading facility in New Jersey demonstrated that this advanced preparation allows us to withstand incidents with minimal impact. Most importantly, we are happy and thankful to report that all of our employees and their families in Matthew's path survived the storm with no injuries.

Financial and Operational Excellence

2016 was an outstanding year for Buckeye as we grew Adjusted EBITDA[1] by almost 20 percent to a record $1.03 billion. This strong performance allowed us to continue to grow distributions to our unitholders as we declared distributions of $4.875 for the year, representing over four percent growth from the prior year. All three of our business segments contributed to this record performance. Our Domestic Pipelines & Terminals segment has grown consistently through the contribution from numerous capital projects that our commercial and operating teams have successfully delivered. Tariff increases, favorable tariff mix and growing terminal throughput and storage revenues also contributed to this growth. Global Marine Terminals benefited from strong storage demand driving higher utilization and storage rates as well as new capital projects that brought storage capacity back in service. In addition, we completed the build out and are now operating all assets at our South Texas hub. Merchant Services had a record year as it benefited from continued discipline in inventory management and favorable business conditions. This segment also contributed a record level of revenues to the Buckeye umbrella, fulfilling its mission to drive higher utilization of our pipeline and terminal assets.

2016 WAS AN OUTSTANDING YEAR FOR BUCKEYE AS WE GREW ADJUSTED EBITDA BY ALMOST 20 PERCENT TO A RECORD $1.03 BILLION.

Business Strategy for Growth and Diversification

Buckeye has continually emphasized our goal of diversifying our business across new products and services as well as new geographic locations. We have achieved great success in executing that strategy. We have invested over $8 billion since 2010 in strategic acquisitions and high return growth capital projects. We have significantly expanded our portfolio of domestic terminals. We also entered into the marine terminal business while meeting our objective of increasing our geographic scale by acquiring terminals in the Caribbean, Corpus Christi, and New York Harbor as well as our global expansion with the 50% investment in VTTI B.V.

We also diversified our product handling capabilities through the liquid petroleum gas ("LPG") storage and condensate splitter operations in South Texas and propane storage caverns in the Midwest. We created and significantly expanded our Chicago Complex, adding crude oil and diluent storage and handling along with propylene, ethanol and other service capabilities across the Complex. We were prudent in executing this strategy, minimizing investment risk where possible with long-term contracts. We managed our balance sheet and conservatively financed these investments with an appropriate mix of equity and debt.

The success of this diversification strategy has been demonstrated by the tremendous growth and stability we have achieved over this time. Our Adjusted EBITDA has increased by almost 170% since embarking on this strategy in 2010. At the same time, we have also improved our coverage and strengthened our balance sheet, maintaining our investment grade credit rating while continuing to grow distributions to our unitholders. Our strategy has allowed us to excel despite the many challenges in the energy markets over the past 18 to 24 months.

We continue to expect this strategy to drive growth for our unitholders. Importantly, we remain focused on targeting strategic midstream activities with the appropriate size and scale to be impactful to Buckeye and its investors. We prefer assets that offer platforms for future growth, driven by favorable macroeconomic and competitive factors. We look for growth opportunities that meet our objectives of safe and efficient operations, all within a culture emphasizing accountability and integrity. We focus on assets that offer fee-based cash flow backed by contracts with creditworthy counterparties as well as minimal commodity price exposure. Lastly, we look for accretive opportunities meeting our internal cost of capital hurdle rates that improve coverage and strengthen our balance sheet.

To put it simply, we want to be best in class in the eyes of our customers, the communities we serve, our regulators and our investors. These are the core principles that we believe differentiate Buckeye and continue to contribute to our success.

Investing Globally

We announced in 2016 a significant investment in one of the largest independent global marine terminal businesses in the world. In January 2017, we acquired a 50 percent interest in VTTI B.V., which boasts approximately 57 million barrels of petroleum product storage across 14 terminals located in 13 countries on five continents. The majority of this capacity is located in key global energy hubs, including the Amsterdam-Rotterdam-Antwerp hub in Northwest Europe, the Fujairah terminal in the United Arab Emirates in the Middle East and in Johor, Malaysia near the Port of Singapore. VTTI's terminals offer world-class storage and marine terminalling services primarily for refined products as well as crude oil and LPGs.

Importantly, we believe this transaction delivers on all of the key objectives of our growth strategy enumerated above. Our investment establishes for Buckeye an immediate worldwide geographically diverse presence. VTTI has been a very successful high growth business, growing through both acquisition in the very fragmented international terminal market as well as greenfield development. We expect this growth to continue and look forward to working with the outstanding management teams at both VTTI as well as Vitol, our new partner and one of the world's largest global traders of crude and petroleum products.

VTTI terminal located in Johor, Malaysia
near the Port of Singapore

Capitalizing on Opportunities

Buckeye made substantial progress on our Michigan Ohio pipeline and terminal expansion project during the year. We completed construction and began transportation of product on the first phase of this project, which provides incremental capacity for our customers to move refined products from advantaged Midwestern supply sources eastward to the Pittsburgh and other Western Pennsylvania markets. This project, which is supported by 10-year transportation agreements with major shippers, is expected to continue to ramp up in early 2017 with the full run-rate contribution being achieved in the second quarter.

We also announced the successful completion of an open season for the second phase of this project. The second phase is expected to further expand Buckeye's ability to move competitively priced refined products from Midwestern refineries to Pittsburgh as well as destinations in central Pennsylvania through the partial reversal of our Laurel Pipeline. We are proceeding with engineering activities and have initiated the regulatory approval and permitting process for this project, which we currently plan to complete in late 2018.

In addition, we benefited from a number of capital investment projects that were completed during the year. We constructed or refurbished significant additional storage capacity across our domestic and international terminals. We also increased our butane blending and vapor recovery capabilities and completed a number of additional improvements and debottlenecks across our system during the year that we expect to benefit us in 2017 and beyond.

Opportunity Set Remains Vast

As we look forward to 2017, we continue to see numerous opportunities as well as business challenges to execute on our strategy. The pipeline of potential investments, both acquisitions and internal capital projects, is more robust now than it has ever been. Beyond our Michigan Ohio and VTTI opportunities, we are continuing to make progress on infrastructure upgrades expected to enhance our competitive positon among our New York Harbor terminals. We are assessing further opportunities to invest in our Chicago Complex to support the growing needs of major Midwestern refinery customers. In addition, we announced recently that we are exploring two pipeline opportunities to move crude oil and natural gas liquids from the prolific Permian basin. We have received positive feedback from potential shippers on these two greenfield pipeline construction projects, which would capitalize on our existing infrastructure and rights-of-way in and around Corpus Christi. I expect to continue to update our unitholders on the progress our commercial and development teams are making on these very important initiatives.

Finally, we continue to focus on maximizing the performance of our legacy businesses, as we believe our exceptional employees will continue to deliver safe and strong performance for our unitholders. We look forward to another outstanding year and I thank you for your investment and your confidence in our ability to continue to deliver outstanding results.

Clark C. Smith
Chairman, President and Chief Executive Officer

[1]See definition of Non-GAAP measures and reconciliations to Non-GAAP measures at the end of this report.

BUCKEYE PARTNERS, L.P.

2016
FORM 10-K

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the fiscal year ended December 31, 2016
Or

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the transition period from to

Commission file number 1-9356

Buckeye Partners, L.P.

(Exact name of registrant as specified in its charter)

Delaware	**23-2432497**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification number)
One Greenway Plaza	
Suite 600	
Houston, TX	**77046**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(832) 615-8600**
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Limited partner units representing limited partnership interests	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Date File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

At June 30, 2016, the aggregate market value of the registrant's limited partner units held by non-affiliates was $9.1 billion. The calculation of such market value should not be construed as an admission or conclusion by the registrant that any person is in fact an affiliate of the registrant.

As of February 17, 2017, there were 140,462,347 limited partner units outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement being prepared for the solicitation of proxies in connection with the 2017 Annual Meeting of Limited Partners are incorporated by reference in Part III of this Form 10-K.

TABLE OF CONTENTS

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The information contained in this Annual Report on Form 10-K (this "Report") includes "forward-looking statements." All statements that express belief, expectation, estimates or intentions, as well as those that are not statements of historical facts, are forward-looking statements. Such statements use forward-looking words such as "proposed," "anticipate," "project," "potential," "could," "should," "continue," "estimate," "expect," "may," "believe," "will," "plan," "seek," "outlook" and other similar expressions that are intended to identify forward-looking statements, although some forward-looking statements are expressed differently. These statements discuss future expectations and contain projections. Specific factors that could cause actual results to differ from those in the forward-looking statements include, but are not limited to: (i) changes in federal, state, local and foreign laws or regulations to which we are subject, including those governing pipeline tariff rates and those that permit the treatment of us as a partnership for federal income tax purposes; (ii) terrorism and other security risks, including cyber risk, adverse weather conditions, including hurricanes, environmental releases and natural disasters; (iii) changes in the marketplace for our products or services, such as increased competition, changes in product flows, better energy efficiency or general reductions in demand; (iv) adverse regional, national, or international economic conditions, adverse capital market conditions and adverse political developments; (v) shutdowns or interruptions at our pipeline, terminalling, storage and processing assets or at the source points for the products we transport, store or sell; (vi) unanticipated capital expenditures in connection with the construction, repair or replacement of our assets; (vii) volatility in the price of liquid petroleum products; (viii) nonpayment or nonperformance by our customers; (ix) our ability to integrate acquired assets with our existing assets and to realize anticipated cost savings and other efficiencies and benefits; (x) our ability to realize the expected benefits of our investment in VTTI; and (xi) our ability to successfully complete our organic growth projects and to realize the anticipated financial benefits. These factors are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other known or unpredictable factors could also have material adverse effects on future results. Consequently, all of the forward-looking statements made in this document are qualified by these cautionary statements, and we cannot assure you that actual results or developments that we anticipate will be realized or, even if substantially realized, will have the expected consequences to or effect on us or our business or operations. Also note that we provide additional cautionary discussion of risks and uncertainties under the captions "Risk Factors" and in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Report.

The forward-looking statements contained in this Report speak only as of the date hereof. Although the expectations in the forward-looking statements are based on our current beliefs and expectations, caution should be taken not to place undue reliance on any such forward-looking statements because such statements speak only as of the date hereof. Except as required by federal and state securities laws, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or any other reason. All forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this Report and in our future periodic reports filed with the U.S. Securities and Exchange Commission ("SEC"). In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Report may not occur.

PART I

Item 1. *Business*

Introduction

The original Buckeye Pipe Line Company was founded in 1886 as part of the Standard Oil Company ("Standard Oil") and became a publicly owned, independent company after the dissolution of Standard Oil in 1911. Expansion into petroleum products transportation after World War II and subsequent acquisitions thereafter ultimately led to Buckeye Pipe Line Company becoming a leading independent common carrier pipeline. In 1964, Buckeye Pipe Line Company was acquired by a subsidiary of the Pennsylvania Railroad, which later became the Penn Central Corporation. In 1986, Buckeye Pipe Line Company was reorganized into a master limited partnership ("MLP"), Buckeye Partners, L.P. We are a publicly traded Delaware master limited partnership, and our limited partnership units representing limited partner interests ("LP Units") are listed on the New York Stock Exchange ("NYSE") under the ticker symbol "BPL." Buckeye GP LLC ("Buckeye GP") is our general partner. Unless the context requires otherwise, references to "*we*," "*us*," "*our*," the "*Partnership*" or "*Buckeye*" are intended to mean the business and operations of Buckeye Partners, L.P. and its consolidated subsidiaries.

We own and operate a diversified network of integrated assets providing midstream logistic solutions, primarily consisting of the transportation, storage, processing and marketing of liquid petroleum products. We are one of the largest independent liquid petroleum products pipeline operators in the United States in terms of volumes delivered, with approximately 6,000 miles of pipeline. We also use our service expertise to operate and/or maintain third-party pipelines and perform certain engineering and construction services for our customers. Additionally, we are one of the largest independent terminalling and storage operators in the United States in terms of capacity available for service. Our terminal network comprises more than 120 liquid petroleum products terminals with aggregate storage capacity of over 115 million barrels across our portfolio of pipelines, inland terminals and marine terminals located primarily in the East Coast, Midwest and Gulf Coast regions of the United States and in the Caribbean. Our network of marine terminals enables us to facilitate global flows of crude oil and refined petroleum products, offering our customers connectivity between supply areas and market centers through some of the world's most important bulk storage and blending hubs. Our flagship marine terminal in The Bahamas, Buckeye Bahamas Hub Limited ("BBH"), formerly known as Bahamas Oil Refining Company International Limited ("BORCO"), is one of the largest marine crude oil and refined petroleum products storage facilities in the world and provides an array of logistics and blending services for the global flow of petroleum products. Our Gulf Coast regional hub, Buckeye Texas Partners LLC ("Buckeye Texas"), offers world-class marine terminalling, storage and processing capabilities. Our recent acquisition of an indirect 50% equity interest in VTTI B.V. ("VTTI") expands our international presence with premier storage and marine terminalling services for petroleum products predominantly located in key global energy hubs, including Northwest Europe, the United Arab Emirates and Singapore. We are also a wholesale distributor of refined petroleum products in areas served by our pipelines and terminals.

Business Strategy

Our primary business objective is to provide stable and sustainable cash distributions to our unitholders, while maintaining a relatively low investment risk profile. The key elements of our strategy are to:

- Operate in a safe and environmentally responsible manner;
- Maximize utilization of our assets at the lowest cost per unit;
- Maintain stable long-term customer relationships;
- Optimize, expand and diversify our portfolio of energy assets through accretive acquisitions and organic growth projects; and
- Maintain a solid, conservative financial position and our investment-grade credit rating.

We intend to achieve our strategy by:

- Acquiring, building and operating high quality, strategically-located assets;
- Maintaining and enhancing the integrity of our pipelines, terminals and storage assets;
- Pursuing strategic cash flow-accretive acquisitions that:
  - Complement our existing footprint;
  - Provide geographic, product and/or asset class diversity; and
  - Leverage existing management capabilities and infrastructure;
- Seeking to acquire or develop other energy-related assets that enable us to leverage our asset base, knowledge base and skill sets;
- Valuing the effort, teamwork and innovation of our employees; and
- Providing superior customer service.

Recent Developments

VTTI Acquisition

In January 2017, we acquired an indirect 50% equity interest in VTTI for cash consideration of $1.15 billion (the "VTTI Acquisition"). VTTI will be owned jointly with Vitol S.A. ("Vitol"). VTTI is one of the largest independent global marine terminal businesses that, through its subsidiaries and partnership interests, owns and operates approximately 57 million barrels of petroleum products storage across 14 terminals located on five continents. These marine terminals are predominately located in key global energy hubs, including Northwest Europe, the United Arab Emirates and Singapore, and offer world-class storage and marine terminalling services for refined petroleum products, liquid petroleum gas and crude oil. We and VIP Terminals Finance B.V., a subsidiary of Vitol, have equal board representation and voting rights in the VTTI joint venture.

Hurricane Matthew

In October 2016, Hurricane Matthew made landfall in the Bahamas and the southeastern United States. Our domestic operations experienced no property damage or product releases as a result of the storm. Our BBH terminalling facility, which is located along the Northwest Providence Channel of Grand Bahama Island, experienced property damage but no material interruption of services or product releases. During 2016, we incurred operating expenses of $11.0 million and maintenance capital expenditures of $6.1 million and recorded a $5.8 million write-off of damaged long-lived assets as a result of the storm. We estimate the range of total costs expected to be incurred as a result of Hurricane Matthew to be between $20 million to $30 million, comprised of both operating and capital expenditures, including the amounts incurred to-date. We intend to seek recovery from our insurers for property damage incurred above our self-insured retentions; however, no assurances can be given relative to the timing or amount of such recoveries.

Equity Offering

In October 2016, we completed a public offering of 7.75 million LP Units pursuant to an effective shelf registration statement, which priced at $66.05 per unit. The underwriters also exercised an option to purchase 1.16 million additional LP Units, resulting in total gross proceeds of $588.7 million before deducting underwriting fees and other related expenses of $8.0 million. We used the net proceeds from the offering to initially reduce the indebtedness outstanding under our existing $1.5 billion revolving Credit Facility with SunTrust Bank (the "Credit Facility") and for general partnership purposes, as well as to subsequently fund a portion of the purchase price for the VTTI Acquisition in January 2017.

Notes Offering

In November 2016, we issued $600.0 million of senior unsecured 3.950% notes maturing on December 1, 2026 (the "3.950% Notes") in an underwritten public offering at 99.644% of their principal amount. Total proceeds from this offering, after underwriting fees, expenses and debt issuance costs of $5.2 million, were $592.7 million. In January 2017, we used the net proceeds from this offering to fund a portion of the purchase price for the VTTI Acquisition.

Credit Facility

In September 2016, Buckeye and its indirect wholly-owned subsidiaries, Buckeye Energy Services LLC ("BES"), Buckeye West Indies Holdings LP ("BWI") and Buckeye Caribbean Terminals LLC ("BCT"), collectively the Buckeye Merchant Service Companies ("BMSC"), as borrowers, exercised their remaining option with consenting lenders to extend $1.4 billion of our Credit Facility by one year to September 30, 2021. At the time of the transaction, we had $3.4 million of remaining unamortized deferred financing costs, and we incurred additional debt issuance costs of $0.7 million in connection with the extension of the Credit Facility. At December 31, 2016, Buckeye and BMSC collectively had no outstanding balance under the Credit Facility.

Term Loan

In September 2016, we entered into a credit agreement with SunTrust Bank, as administrative agent, and other lenders for a $250.0 million variable-rate term loan due September 30, 2019 (the "Term Loan"), with an option to extend the term with consenting lenders for up to two one-year periods. We incurred debt issuance costs of $0.5 million related to the Term Loan. We used the proceeds from the Term Loan to reduce the indebtedness outstanding under our Credit Facility.

At-the-Market Offering Program

In March 2016, we entered into an equity distribution agreement (the "Equity Distribution Agreement") with J.P. Morgan Securities LLC, BB&T Capital Markets, a division of BB&T Securities, LLC, BNP Paribas Securities Corp., Deutsche Bank Securities Inc., Jefferies LLC, Morgan Stanley & Co. LLC, RBC Capital Markets, LLC, and SMBC Nikko Securities America, Inc. (collectively, the "ATM Underwriters"). Under the terms of the Equity Distribution Agreement, we may offer and sell up to $500.0 million in aggregate gross sales proceeds of LP Units from time to time through the ATM Underwriters, acting as agents of Buckeye or as principals, subject in each case to the terms and conditions set forth in the Equity Distribution Agreement. This agreement replaced our prior four separate equity distribution agreements with each of Wells Fargo Securities, LLC, Barclays Capital Inc., SunTrust Robinson Humphrey, Inc. and UBS Securities LLC, which we entered into in May 2013 and, under the terms of which, we could sell up to $300.0 million in aggregate gross sales proceeds of LP Units from time to time.

During the year ended December 31, 2016, we sold 1.6 million LP Units in aggregate under the Equity Distribution Agreement and received $108.4 million in net proceeds after deducting commissions and other related expenses, including $1.1 million of compensation paid in aggregate to the agents under the Equity Distribution Agreement.

Business Activities

The following discussion describes the business activities of our business segments, which include Domestic Pipelines & Terminals, Global Marine Terminals and Merchant Services.

The Domestic Pipelines & Terminals, Global Marine Terminals and Merchant Services segments derive a nominal amount of their revenue from U.S. governmental agencies. All of our operations and assets are conducted and located in the continental United States, except for our terminals located in Puerto Rico, St. Lucia and The Bahamas and, from time to time, our Merchant Services segment buys and/or sells fuel oil to third parties at various locations in the Caribbean. Detailed financial information regarding revenue, profits and total assets of each segment and major geographic area can be found in Note 25 in the Notes to Consolidated Financial Statements. The following table shows our consolidated revenue and each segment's revenue and percentage of consolidated revenue for the periods indicated (revenue in thousands):

	Year Ended December 31,					
	2016		2015		2014	
	Revenue	Percent	Revenue	Percent	Revenue	Percent
Domestic Pipelines & Terminals....	$ 1,011,696	31.1 %	$ 966,749	28.0 %	$ 938,036	14.2 %
Global Marine Terminals...............	671,465	20.7 %	514,301	14.9 %	395,306	6.0 %
Merchant Services (1)	1,621,915	49.9 %	2,037,664	59.0 %	5,358,626	80.9 %
Intersegment..................................	(56,700)	(1.7)%	(65,280)	(1.9)%	(71,721)	(1.1)%
Total	$ 3,248,376	100.0 %	$ 3,453,434	100.0 %	$ 6,620,247	100.0 %

(1) The decrease in revenue for the years ended December 31, 2016 and 2015 compared to the year ended December 31, 2014 was primarily related to a decrease in sales volume and a decline of refined petroleum products prices. The decrease in sales volume was primarily related to more effective inventory management. See "Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations" for further discussion.

Domestic Pipelines & Terminals Segment

The Domestic Pipelines & Terminals segment owns and operates approximately 6,000 miles of pipeline located primarily in the northeastern and upper midwestern portions of the United States, and services approximately 110 delivery locations. This segment transports liquid petroleum products, including gasoline, jet fuel, diesel fuel, heating oil and kerosene, from major supply sources to terminals and airports located within end-use markets. The pipelines within this segment also transport other refined petroleum products, such as propane and butane, refinery feedstock and blending components, as well as crude oil. The segment also includes 115 active terminals that provide bulk storage and throughput services with respect to liquid petroleum products and renewable fuels, including ethanol, and have an aggregate storage capacity of over 55 million barrels. In addition, three of our terminals provide crude oil services, including train loading/unloading, storage and throughput. Of our terminals in the Domestic Pipelines & Terminals segment, over half are connected to our pipelines. We generally own property on which the terminals are located. The segment's geographical diversity, connections to multiple sources of supply, and extensive delivery system help create a stable base business.

Pipelines

The Domestic Pipelines & Terminals segment's pipelines conduct business without the benefit of exclusive franchises from government entities. In addition, our pipelines generally operate as a common carrier, providing transportation services at posted tariffs and without long-term contracts. Demand for the services provided by our pipelines derives from end-users' demand for liquid petroleum products in the regions served and the ability and willingness of refiners and marketers to supply such demand by deliveries through our pipelines. Factors affecting demand for liquid petroleum products include price and prevailing general economic conditions. Many of the factors impacting demand for the services provided by our pipelines are, therefore, partially or entirely beyond our control. Typically, this segment receives liquid petroleum products from refineries, connecting pipelines, and bulk and marine terminals and transports those products to other locations for a fee.

The following table presents product volumes and percentage of products transported by the pipelines in the Domestic Pipelines & Terminals segment for the periods indicated (barrels per day ("bpd") in thousands):

	Year Ended December 31,					
	2016		2015		2014	
Pipelines:						
Gasoline	759.6	53.2%	735.9	50.4%	702.8	49.1%
Jet fuel	361.1	25.3%	358.9	24.5%	336.0	23.5%
Middle distillates (1)	289.4	20.3%	337.4	23.1%	354.9	24.8%
Other products (2)	16.9	1.2%	28.5	2.0%	36.6	2.6%
Total pipelines throughput	1,427.0	100.0%	1,460.7	100.0%	1,430.3	100.0%

(1) Includes diesel fuel and heating oil.
(2) Includes liquefied petroleum gas ("LPG"), intermediate petroleum products and crude oil.

We provide pipeline transportation services in the following states: California, Connecticut, Florida, Illinois, Indiana, Iowa, Maine, Massachusetts, Michigan, Missouri, Nevada, New Jersey, New York, Ohio, Pennsylvania and Tennessee. The geographical location and description of these pipelines is as follows:

Pennsylvania—New York—New Jersey. Our operating subsidiary Buckeye Pipe Line Company, L.P. ("BPLC") serves major population centers in Pennsylvania, New York and New Jersey through approximately 825 miles of pipeline. Liquid petroleum products are received at Linden, New Jersey from 17 major source points, including one refinery, six connecting pipelines and nine storage and terminalling facilities. Products are then transported through two lines from Linden, New Jersey to Macungie, Pennsylvania. From Macungie, the pipeline continues west through a connection with a pipeline owned by our operating subsidiary, Laurel Pipe Line Company, L.P. ("Laurel"), to Pittsburgh, Pennsylvania (serving Reading, Harrisburg, Altoona/Johnstown, Greensburg and Pittsburgh, Pennsylvania) and north through eastern Pennsylvania into New York (serving Scranton/Wilkes-Barre, Pennsylvania and Binghamton, Syracuse, Utica, Rochester and, via a connecting carrier, Buffalo, New York). We lease capacity in one of the pipelines extending from Pennsylvania to upstate New York to a major public pipeline company. Products received at Linden, New Jersey are also transported through one line to Newark Airport and through two additional lines to JFK Airport and LaGuardia Airport and to commercial liquid petroleum products terminals at Long Island City and Inwood, New York. These pipelines supply JFK Airport, LaGuardia Airport and Newark Airport with substantially all of each airport's jet fuel requirements.

A pipeline system owned by our operating subsidiary, Buckeye Pipe Line Transportation LLC ("BPL Transportation"), delivers liquid petroleum products from a refinery located in Paulsboro, New Jersey to destinations in New Jersey, Pennsylvania and New York through approximately 420 miles of pipeline. A portion of the pipeline system extends from Paulsboro, New Jersey to Malvern, Pennsylvania. From Malvern, a pipeline segment delivers liquid petroleum products to locations in upstate New York.

The Laurel pipeline system transports liquid petroleum products through a 350-mile pipeline extending westward from three refineries, a marine terminal and a connection to the Colonial pipeline system in the Philadelphia area to Reading, Harrisburg, Altoona/Johnstown, Greensburg and Pittsburgh, Pennsylvania.

Illinois—Indiana—Michigan—Missouri—Ohio. BPLC, BPL Transportation and our operating subsidiary NORCO Pipe Line Company, LLC ("NORCO"), a subsidiary of Buckeye Pipe Line Holdings, L.P. ("BPH"), transport liquid petroleum products through approximately 1,800 miles of pipeline in northern Illinois, central Indiana, eastern Michigan, western and northern Ohio, and western Pennsylvania. A number of receiving lines and delivery lines connect to a central corridor which runs from Lima, Ohio through Toledo, Ohio to Detroit, Michigan. Liquid petroleum products are received at refineries and other pipeline connection points near Toledo and Lima, Ohio; Detroit, Michigan; and East Chicago, Indiana. Major market areas served include Huntington/Fort Wayne, Indianapolis and South Bend, Indiana; Bay City, Detroit and Flint, Michigan; Cleveland, Columbus, Lima, Warren and Toledo, Ohio; and Pittsburgh, Pennsylvania.

Our operating subsidiary, Wood River Pipe Lines LLC ("Wood River"), owns liquid petroleum products pipelines with aggregate mileage of approximately 1,000 miles located in the Midwestern United States. Liquid petroleum products are received from the Wood River refinery in the East St. Louis, Illinois area and transported to the Chicago area (the "Chicago Complex"), to our terminal in the St. Louis, Missouri area and to the Lambert-St. Louis Airport, to delivery points across Illinois and Indiana and to our pipeline in Lima, Ohio, and from the Chicago Complex to the Kankakee, Illinois area.

Other Liquid Petroleum Products Pipelines. BPLC serves Connecticut and Massachusetts through an approximately 100-mile pipeline that carries liquid petroleum products from New Haven, Connecticut to Hartford, Connecticut and Springfield, Massachusetts. This pipeline also serves Bradley International Airport in Windsor Locks, Connecticut. Also, BPL Transportation owns an approximately 650-mile refined product pipeline that originates in Dubuque, Iowa and runs southwest into Missouri and then northwest back into Iowa, serving the Sugar Creek, Missouri, and Council Bluffs and Des Moines, Iowa markets. BPL Transportation also has an approximately 125-mile pipeline that runs from Portland, Maine to Bangor, Maine.

Our operating subsidiary, Everglades Pipe Line Company, L.P. ("Everglades"), transports primarily jet fuel through an approximately 40-mile pipeline from Port Everglades, Florida to Ft. Lauderdale-Hollywood International Airport and Miami International Airport. Everglades supplies Miami International Airport with substantially all of its jet fuel requirements.

Our operating subsidiary, Buckeye Aviation (Reno) LLC ("Buckeye Reno"), owns an approximately 3-mile pipeline serving the Reno/Tahoe International Airport. Our operating subsidiary, Buckeye Aviation (San Diego) LLC ("Buckeye San Diego"), owns an approximately 4-mile pipeline serving the San Diego International Airport. Buckeye Aviation (Memphis) LLC ("Buckeye Memphis"), formerly known as WesPac Pipelines - Memphis LLC, owns an approximately 16-mile pipeline and a related terminalling facility that primarily serves Federal Express Corporation at the Memphis International Airport. Buckeye Reno, Buckeye San Diego and Buckeye Memphis, collectively, have terminalling facilities with aggregate storage capacity of 0.5 million barrels. Buckeye Reno, Buckeye San Diego and Buckeye Memphis were originally created as joint ventures between BPH and Kealine LLC, but in April 2015, BPH purchased the remaining 10% ownership interest in Buckeye Memphis from Kealine LLC, increasing our ownership interest in Buckeye Memphis to 100%. As such, BPH currently owns 100% of Buckeye Reno, Buckeye San Diego and Buckeye Memphis. Each of these entities is consolidated into our financial statements.

Additionally, BPH indirectly owns an approximate 63% interest in the Sabina crude butadiene pipeline (the "Sabina Pipeline") and owns and operates approximately 25 miles of pipeline, which it leases to third parties, all located in Texas.

Terminals

The Domestic Pipelines & Terminals segment's terminals receive products from pipelines and, in certain cases, barges, ships or railroads, and distribute them to third parties, who in turn deliver them to end-users and retail outlets. This segment's terminals play a key role in moving products to the end-user market by providing efficient product receipt, storage and distribution capabilities, inventory management, ethanol and biodiesel blending, and other ancillary services that include the injection of various additives. Typically, the Domestic Pipelines & Terminals segment's terminalling facilities consist of multiple storage tanks and are equipped with automated truck loading equipment that is available 24 hours a day.

The Domestic Pipelines & Terminals segment's terminals derive most of their revenues from various fees paid by customers. A throughput fee is charged for receiving products into the terminal and delivering them to trucks, barges, ships or pipelines. In addition to these throughput fees, revenues are generated by charging customers fees for blending with renewable fuels, injecting additives and providing storage capacity to customers on either a short-term or long-term basis. The terminals also derive revenue from recovering and selling vapors emitted during truck loading. Finally, the terminals derive service fees and blending margins from butane blending activities during the winter months (mid-September through mid-March), whereby butane is blended into various grades of gasoline. Blending margins depend upon pricing spreads between gasoline and butane, and we use financial derivative instruments to manage the commodity price risk associated with gasoline-to-butane pricing spreads, as deemed necessary. The fair value of such derivative instruments is recorded in our consolidated balance sheets, with the change in fair value recorded in earnings. These derivative instruments consist primarily of futures contracts traded on the New York Mercantile Exchange ("NYMEX") that are executed and managed by our Merchant Services segment.

The following table sets forth the total average daily throughput for terminals and storage caverns within the Domestic Pipelines & Terminals segment for the periods indicated (volume of bpd in thousands):

	Year Ended December 31,		
	2016	2015	2014
Products throughput (1)	1,238.4	1,215.4	1,147.5

(1) Amounts include throughput at the three terminals owned by the Merchant Services segment and operated by the Domestic Pipelines & Terminals segment (as discussed below), as well as two underground propane storage caverns.

The following table sets forth the number of terminals and storage capacity in barrels by location for terminals reported in the Domestic Pipelines & Terminals segment (barrels in thousands):

Location	Number of Terminals (1)	Storage Capacity (2)
Alabama	2	605
California	3	530
Connecticut	2	1,212
Florida	4	1,951
Iowa	5	1,302
Illinois	8	2,977
Indiana	11	9,439
Kentucky	1	214
Louisiana	1	304
Maine	1	140
Maryland	1	3,232
Massachusetts	2	433
Michigan	14	5,467
Missouri	3	1,767
Nevada	1	50
New Jersey	3	4,903
New York	16	8,450
North Carolina	1	572
Ohio	13	3,861
Pennsylvania	10	3,027
South Carolina	4	2,191
Tennessee	1	328
Virginia	4	1,805
Wisconsin	4	1,228
Total	115	55,988

(1) This table includes three terminals in Pennsylvania with aggregate storage capacity of approximately 1 million barrels, which are owned by the Merchant Services segment and operated by the Domestic Pipelines & Terminals segment (as discussed below).

(2) This table includes approximately 19.5 million barrels of storage capacity with the remaining capacity used for throughput.

Operation and Maintenance and Project Management Services

We provide turn-key operations and maintenance, asset development and construction services for third-party pipeline and energy assets across the United States. We also operate and/or maintain third-party pipelines under agreements with major oil and gas, petrochemical and chemical companies, which are located primarily in Texas and Louisiana, and perform pipeline construction management services, typically for cost plus a fixed fee, for these same customers as well as other energy companies in the United States.

Equity Investments

We own a 34.6% equity interest in West Shore Pipe Line Company ("West Shore"). West Shore owns an approximately 610-mile pipeline system that originates in the Chicago, Illinois area and extends north to Green Bay, Wisconsin and west and then north to Madison, Wisconsin. The pipeline system transports refined petroleum and crude oil products to markets in northern Illinois and Wisconsin. The other equity holders of West Shore are affiliated with major oil and gas companies. Since January 1, 2009, we have operated the West Shore pipeline system on behalf of West Shore.

We also own a 40% equity interest in Muskegon Pipeline LLC ("Muskegon"). Marathon Pipeline LLC is the majority owner and operator of Muskegon. Muskegon owns an approximately 170-mile pipeline that delivers petroleum products from Griffith, Indiana to Muskegon, Michigan.

Additionally, we own a 25% equity interest in Transport4, LLC ("Transport4"). Transport4 provides an internet-based shipper information system that allows its customers, including shippers, suppliers and tankage partners to access nominations, schedules, tickets, inventories, invoices and bulletins over a secure internet connection.

We also own a 50% equity interest in South Portland Terminal LLC ("South Portland"), which owns a terminal in South Portland, Maine that has approximately 725,000 barrels of storage capacity.

Global Marine Terminals Segment

The Global Marine Terminals segment provides marine accessible bulk storage and blending services, rail and truck rack loading/unloading, along with petroleum processing services in the East Coast and Gulf Coast regions of the United States and in the Caribbean. The segment has seven liquid petroleum product terminals located in The Bahamas, Puerto Rico and St. Lucia in the Caribbean and the New York Harbor and Corpus Christi, Texas in the United States.

The following table sets forth terminal locations and storage capacity in barrels for terminals reported in the Global Marine Terminals segment (barrels in thousands):

Location	Number of Terminals	Storage Capacity (1)
The Bahamas	1	26,113
Puerto Rico	1	4,106
New York Harbor	3	15,100
St. Lucia	1	10,261
Texas (2)	1	6,668
Total	7	62,248

(1) This table represents total storage capacity as of December 31, 2016, of which approximately 6.0 million barrels are unavailable for contracting to third parties due to being out of service for maintenance, capital enhancements or used for internal purposes.
(2) This represents the terminalling facility owned by Buckeye Texas, which is 80% owned by us.

BBH Facility

BBH owns a terminalling facility located along the Northwest Providence Channel of Grand Bahama Island, which it uses to operate a fully integrated terminalling business, and offers customers storage, blending and ancillary services, including but not limited to, berthing, heating, transshipment, product treating and bunkering. Ancillary services provided by BBH facilitate customer activities within the tank farm and at the jetties.

BBH's terminalling facility includes more than 80 aboveground storage tanks, which store crude oil, fuel oil and refined petroleum products. The existing marine infrastructure of BBH's terminalling facility consists of three deep-water jetties, which provide six deep-water berths and an inland dock with two berths that serve as the access points to the storage facilities and marine bunkering services. Certain of these jetties are capable of handling both very large crude carriers and ultra large crude carriers.

We own the 500 acres of property on which the BBH terminalling facility is located. BBH leases 330 acres of seabed on which the deep water jetties are located pursuant to a long-term agreement with The Bahamas government that runs through 2057. BBH also leases the land on which the inland dock is located pursuant to a long-term agreement with the Freeport Harbour Company that runs through 2067.

Yabucoa Terminal

The Yabucoa terminal sits on approximately 250 acres in the southeast of Puerto Rico and includes 40 storage tanks, which store gasoline, jet fuel, diesel, fuel oil and crude oil. The facility provides terminalling services for the handling, blending and distribution of liquid petroleum products within the Puerto Rico market as well as residual fuel oil and petroleum distillate fuel for the local and regional Caribbean markets. Access to the Yabucoa terminal is provided through one ship dock, which is leased from the Puerto Rico Ports Authority, two barge docks and an eight-bay truck rack.

New York Harbor Terminals

The New York Harbor storage and marine terminals, which consist of our Perth Amboy, Port Reading and Raritan Bay terminals, have the ability to provide a link between our inland pipelines and terminals and our BBH facility, enabling our customers to take advantage of BBH's deep water access and ability to aggregate product. The Perth Amboy facility sits on approximately 250 acres on the Arthur Kill tidal strait in Perth Amboy, New Jersey — six miles from our Linden, New Jersey complex — and has water, pipeline, rail and truck access. In 2014, we completed a high capacity pipeline connection between Perth Amboy and our Linden hub. Furthermore, the Perth Amboy terminal includes 42 storage tanks, a dock, and three operational berths, each with articulated loading arms, allowing both ship and barge berthing. The Port Reading terminal is located on 211 acres in Port Reading, New Jersey and includes 69 storage tanks, a deep-water dock and five operational berths, allowing for both ship and barge berthing. In addition, the facility has bi-directional pipeline access, rail unloading capabilities, and a six-bay driver-operated truck loading rack. The Raritan Bay terminal is located on 62 acres on the Raritan River in Perth Amboy, New Jersey, and includes 30 storage tanks, a barge dock and two operational berths. The Raritan Bay facility also has bi-directional pipeline access and a six-bay driver-operated truck loading rack. Additionally, the Perth Amboy, Port Reading and Raritan Bay terminals are NYMEX delivery locations for both gasoline and ultra low sulfur diesel. The Perth Amboy, Port Reading and Raritan Bay terminals have approximately 4 million, 6 million and 5 million barrels of liquid petroleum products storage capacity, respectively. These terminals extend Buckeye's connectivity in New York Harbor by offering diverse storage capabilities that include terminalling services for gasoline, blendstocks, distillate and fuel oil.

St. Lucia Terminal

The St. Lucia terminal sits on approximately 700 acres on Cul de Sac Bay in St. Lucia. It has over 10 million barrels of crude oil and refined petroleum products storage capacity, has deep-water access capable of berthing very large crude carriers and serves the local market's refined product demand. The facility provides transshipment services for the handling, blending and distribution of crude oil from growing Latin American production to U.S. and global refining centers. Access to the St. Lucia terminal is provided through two ship docks and a truck rack.

Corpus Christi Facilities

In September 2014, we acquired an 80% interest in Buckeye Texas, which owns storage, petroleum processing and marine terminalling facilities that sit on approximately 730 acres along the Corpus Christi Ship Channel in Texas. The Corpus Christi facilities have five vessel berths, including three deep-water docks, two 25,000 barrels per day condensate splitters and approximately 6.7 million barrels of liquid petroleum products storage capacity, including a refrigerated and compressed LPG storage complex, along with rail and truck loading/unloading capabilities. The platform also comprises three field gathering facilities with associated storage in the Eagle Ford play and pipeline connectivity that allows Buckeye Texas to move Eagle Ford play crude oil and condensate production directly to the terminalling complex in Corpus Christi. These assets form an integrated system with connectivity from the production in the field to the marine terminal infrastructure and the processing complex in Corpus Christi.

Merchant Services Segment

The Merchant Services segment is a wholesale distributor of refined petroleum products in the continental United States and in the Caribbean. We increase the utilization of our existing pipeline and terminalling assets by marketing refined petroleum products in certain areas served by our pipelines and terminals. The segment's customers consist principally of product wholesalers and major commercial users of refined petroleum products including gasoline, propane, ethanol, biodiesel and petroleum distillates such as heating oil, diesel fuel and kerosene. The segment also provides fuel oil supply and distribution services to third parties in the Caribbean.

The Merchant Services segment owns three terminals in Pennsylvania with aggregate storage capacity of approximately 1 million barrels, which are operated by the Domestic Pipelines & Terminals segment. Each terminal is equipped with multiple storage tanks and automated truck loading equipment that is available 24 hours a day. We also own the property on which the terminals are located.

The following table sets forth the total gallons of refined petroleum products sold by the Merchant Services segment for the periods indicated (in millions of gallons):

	Year Ended December 31,		
	2016	2015	2014
Sales volumes	1,179.7	1,215.0	2,009.0

The Merchant Services segment's operations are segregated into three categories based on the type of fuel delivered and the delivery method:

- Wholesale — liquid fuels and propane gas are delivered to distributors and large commercial customers. These customers take delivery of the products using truck loading equipment at storage facilities;
- Wholesale Delivered — liquid fuels are delivered to commercial customers, construction companies, school districts and trucking companies through third-party carriers; or via vessel using our marine terminals.
- Branded Gasoline — gasoline and on-highway diesel fuel are delivered through third-party trucking companies to independently owned retail gas stations under many leading gasoline brands.

The operations of the Merchant Services segment expose us to commodity price risk. The commodity price risk is managed by entering into derivative instruments to offset the effect of commodity price fluctuations on the segment's inventory and fixed price contracts. The fair value of our derivative instruments is recorded in our consolidated balance sheets, with the change in fair value recorded in earnings. The derivative instruments the Merchant Services segment uses consist primarily of futures contracts traded on the NYMEX for the purposes of managing our market price risk from holding physical inventory and entering into physical fixed-price contracts. A majority of the futures contracts executed are designated as fair value hedges of our refined petroleum inventory. The changes in fair value of the hedging instruments and hedged items are both recognized in cost of product sales. However, hedge accounting has not been elected for all of the Merchant Services segment's derivative instruments. Fixed-price purchase and sales contracts are generally economically hedged with financial instruments; however, these instruments are not designated in a hedge relationship. In the cases in which hedge accounting has not been used for physical derivative contracts, changes in the fair values of the financial instruments, which are included in revenue and cost of product sales, generally are offset by changes in the values of the physical derivative contracts which are also derivative instruments whose changes in value are recognized in product sales or cost of product sales. In addition, hedge accounting has not been elected for financial instruments that have been executed to economically hedge a portion of the Merchant Services segment's refined petroleum products held in inventory. The changes in value of the financial instruments that are economically hedging inventory are recognized in cost of product sales.

Discontinuation of Natural Gas Storage Segment

In December 2013, the Board of Directors of Buckeye GP ("the Board") approved a plan to divest the natural gas storage facility and related assets that our former subsidiary, Lodi Gas Storage, L.L.C. ("Lodi"), owned and operated in Northern California. We refer to this group of assets as our Natural Gas Storage disposal group. We reported the results of operations as discontinued operations for all periods presented in these financial statements. In December 2014, we completed the sale of our Natural Gas Storage disposal group for $102.6 million in cash, net of expenses and working capital adjustments of $2.4 million. We reported the final working capital adjustments as discontinued operations in the first quarter of 2015. For additional information, see Notes 4 and 5 in the Notes to Consolidated Financial Statements.

Competition and Customers

Competitive Strengths

We believe that we have the following competitive strengths:

- We operate in a safe and environmentally responsible manner;
- We own and operate high quality assets that are strategically located;
- We have stable, long-term relationships with our customers;
- We own relatively predictable and stable fee-based businesses with opportunistic revenue generating capabilities that support distribution growth; and
- We maintain a conservative financial position with an investment-grade credit rating.

Domestic Pipelines & Terminals Segment

Generally, pipelines are the lowest cost method for long-haul overland movement of liquid petroleum products. Therefore, the Domestic Pipelines & Terminals segment's most significant competitors for large volume shipments are other pipelines, some of which are owned or controlled by major integrated oil and gas companies. Although it is unlikely that a pipeline system comparable in size and scope to the Domestic Pipelines & Terminals segment's pipeline systems will be built in the foreseeable future, new pipelines (including pipeline segments that connect with existing pipeline systems) could be built to effectively compete with the Domestic Pipelines & Terminals segment in particular locations.

The Domestic Pipelines & Terminals segment competes with marine transportation in some areas. Tankers and barges on the Great Lakes account for some of the volume to certain Michigan, Ohio and upstate New York locations during the approximately eight non-winter months of the year. Barges are presently a competitive factor for deliveries to and within the New York City area, the Pittsburgh area and locations on the Ohio River, such as Cincinnati, Ohio and locations on the Mississippi River, such as St. Louis, Missouri. Additionally, the South Portland and Bangor, Maine terminals, and the pipeline connecting these terminals, compete with regional barge-supplied terminals.

Trucks competitively deliver liquid petroleum products in a number of areas that the Domestic Pipelines & Terminals segment serves. While their costs may not be competitive for longer hauls or large volume shipments, trucks compete effectively for smaller volumes in many local areas. The availability of truck transportation places a significant competitive constraint on the ability of the Domestic Pipelines & Terminals segment to increase its tariff rates.

Privately arranged exchanges of liquid petroleum products between marketers in different locations are another form of competition. Generally, such exchanges reduce both parties' costs by eliminating or reducing transportation charges. In addition, consolidation among refiners and marketers that has accelerated in recent years has altered distribution patterns, reducing demand for transportation services in some markets and increasing them in other markets.

The production and use of biofuels may be a competitive factor in that, to the extent the usage of biofuels increases, some alternative means of transport that compete with our pipelines may be able to provide transportation services for biofuels that our pipelines cannot because of safety or pipeline integrity issues. In particular, railroads competitively deliver biofuels to a number of areas and, therefore, are a significant competitor of pipelines with respect to biofuels. Biofuel usage may also create opportunities for additional pipeline transportation and blending opportunities, if such biofuels can be transported through our pipelines, although that potential cannot be quantified at present.

Distribution of liquid petroleum products depends to a large extent upon the location and capacity of refineries. Because the Domestic Pipelines & Terminals segment's business is largely driven by the consumption of fuel in its delivery areas and the Domestic Pipelines & Terminals segment's pipelines have numerous source points, generally we do not believe that the expansion or shutdown of any particular refinery is likely, in most instances, to have a material effect on the business of the Domestic Pipelines & Terminals segment. As discussed in "Item 1A, Risk Factors", however, a significant decline in production at the Wood River refinery, Paulsboro refinery or Lima refinery, or a fundamental change in the primary sources or supply of petroleum products to a region, could materially impact the business of the Domestic Pipelines & Terminals segment.

The Domestic Pipelines & Terminals segment also generally competes with other terminals in the same geographic market. Many competitive terminals are owned by major integrated oil and gas companies. These major oil and gas companies may have the opportunity for product exchanges that are not available to the Domestic Pipelines & Terminals segment's terminals. While the Domestic Pipelines & Terminals segment's terminal throughput fees are not regulated, they are subject to price competition from competitive terminals and alternate modes of transporting liquid petroleum products to end-users such as retail gasoline stations.

We also compete with independent pipeline companies, engineering firms, major integrated oil and gas companies and chemical companies to operate and maintain logistic assets for third-party owners. In addition, in some instances it can be either more cost-effective or strategic for certain companies to operate and maintain their own pipelines as opposed to contracting with the Domestic Pipelines & Terminals segment for such services. Numerous engineering and construction firms compete with the Domestic Pipelines & Terminals segment for construction management business.

Global Marine Terminals Segment

Our Global Marine Terminals segment primarily competes with other marine terminals in the Caribbean, New York Harbor and the Gulf Coast. Our terminalling facilities on Grand Bahama Island, The Bahamas and St. Lucia face competition from multiple proprietary or third-party terminal operators located elsewhere in the Caribbean region. However, the geographical locations, deep drafts, storage capacity and ancillary service capabilities of our facilities provide certain advantages to our customers for handling and storing products for export to other locations within the Caribbean, North and South America, Europe, and Asia. Internal transfer pricing of certain regional facilities and discounted incentive storage and handling rates at independent third-party facilities supported by quasi national oil companies adds competition for handling of remaining product demand in certain areas.

Our facility in Yabucoa, Puerto Rico faces competition for residual fuel oil storage as a result of the method by which the local utility company, a significant fuel oil user, sources fuel for their power generation needs. Additionally, competition exists for clean products storage and throughput because of other third-party terminals on the island that have geographical advantages over the Yabucoa facility.

Our Perth Amboy, Port Reading, and Raritan Bay facilities, located in the New York Harbor, generally compete with pipelines and terminals owned by major oil and gas companies and major pipeline and terminal operators in the same geographic market as our Domestic Pipelines & Terminals segment (as discussed above).

Our Corpus Christi facility, owned by Buckeye Texas, does not currently compete for customers, as it is almost fully contracted to one customer under long-term take-or-pay arrangements.

Merchant Services Segment

The Merchant Services segment competes with major energy companies, their marketing affiliates and independent gatherers, investment banks that have established trading platforms, master limited partnerships with marketing businesses, and brokers and marketers of widely varying sizes, financial resources and experience. Some of these competitors have capital resources greater than the Merchant Services segment, and control greater supplies of refined petroleum products.

Customers

For the years ended December 31, 2016, 2015 and 2014, no customer contributed 10% or more of our consolidated revenue. In the Global Marine Terminals segment, storage revenue represented approximately 82% of BBH's total revenue for the year ended December 31, 2016, which accounted for approximately 29% of total revenue in the segment. Currently, BBH has a limited number of long-term storage customers, consisting of major oil companies, energy companies, physical traders and national oil companies. For the year ended December 31, 2016, approximately 31% and 60% of BBH's storage revenue was derived from the top one and the top three customers, respectively. We expect BBH to continue to derive a substantial portion of its total revenue from a small number of customers in the future.

Revenue from Buckeye Texas, which is almost fully contracted to one customer under long-term take-or-pay arrangements, accounted for approximately 33% of total revenue in the Global Marine Terminals segment for the year ended December 31, 2016.

Seasonality

The Domestic Pipelines & Terminals segment's mix and volume of products transported and stored tends to vary seasonally. Declines in demand for heating oil during the summer months are, to a certain extent, offset by increased demand for gasoline and jet fuel. Overall, this segment's business has been only moderately seasonal, with somewhat lower than average volumes being transported and stored during March, April and May and somewhat higher than average volumes being transported and stored in November, December and January.

The Merchant Services segment's mix and volume of product sales tend to vary seasonally, with the fourth and first quarters' volumes generally being higher than the second and third quarters, primarily due to the increased demand for home heating oil in the winter months.

The Domestic Pipelines & Terminals and Merchant Services segments both benefit from increased sales of heating oil and butane blending activities at our terminals during the winter months. From mid-September through mid-March, we are able to blend butane into various grades of gasoline.

The Global Marine Terminals segment's mix and volume of products stored does not vary significantly by season.

Employees

Except as noted below, we are managed and operated by employees of Buckeye Pipe Line Services Company ("Services Company"). We reimburse Services Company for the cost of providing employee services pursuant to a services agreement. At December 31, 2016, Services Company had approximately 1,590 employees, approximately 310 of whom were represented by labor unions. Additionally, at December 31, 2016, certain of our wholly owned subsidiaries had approximately 275 employees, approximately 160 of whom are employed at our BBH facility. We have never experienced any work stoppages or other significant labor problems.

Regulation

General

We are subject to extensive laws and regulations and resulting regulatory oversight by numerous federal, state and local departments and agencies, many of which are authorized by statute to issue rules and regulations binding on the pipeline and natural gas storage industries, related businesses, and individual participants. In some states, we are subject to the jurisdiction of public utility commissions and state corporation commissions, which have authority over, among other things, intrastate tariffs, the issuance of debt and equity securities, transfers of assets and safety. The failure to comply with such laws and regulations can result in substantial penalties. The regulatory burden on our operations increases our cost of doing business and, consequently, affects our profitability. However, except for certain exemptions that apply to smaller companies, we do not believe that we are affected in a significantly different manner by these laws and regulations than are our competitors.

The following is a discussion of certain laws and regulations affecting us. However, this discussion should not be relied upon as an exhaustive review of all regulatory considerations affecting our business and operations.

Rate Regulation

Overview. BPLC, Wood River, BPL Transportation, Buckeye Linden Pipe Line Company LLC ("Buckeye Linden") and NORCO operate pipelines subject to the regulatory jurisdiction of the Federal Energy Regulatory Commission ("FERC") under the Interstate Commerce Act, the Energy Policy Act of 1992 and the Department of Energy Organization Act. FERC regulations require that interstate oil pipeline rates be posted publicly and that these rates be "just and reasonable" and not unduly discriminatory. FERC regulations also enforce common carrier obligations and specify a uniform system of accounts, among certain other obligations.

The generic oil pipeline regulations issued under the Energy Policy Act of 1992 rely primarily on an index methodology that allows a pipeline to change its rates in accordance with an index that the FERC believes reflects cost changes appropriate for application to pipeline rates. In December 2015, the FERC amended its regulations to change the index to the Producer Price Index ("PPI") - finished goods plus 1.23% effective July 1, 2016.

The indexing methodology is used to establish rates on the pipelines owned by Wood River, BPL Transportation, Buckeye Linden and NORCO, and for certain rates charged by BPLC, and such rates are therefore subject to change annually according to the index. If the index is negative in a future period, we could be required to reduce the rates charged by Wood River, BPL Transportation, Buckeye Linden and NORCO, and certain rates charged by BPLC, if they exceed the new maximum allowable rate. Shippers may file protests against the application of the index to the rates of an individual pipeline and may also file complaints against indexed rates as being unjust and unreasonable, subject to the FERC's standards.

Under the FERC's rules, as one alternative to indexed rates, a pipeline is allowed to charge market-based rates if the pipeline establishes that it does not possess significant market power in a particular market. BPLC charges market-based rates in its competitive markets and index-based rates in certain of its other markets.

Other types of rate regulation. Laurel operates a pipeline in intrastate service across Pennsylvania, and its tariff rates are regulated by the Pennsylvania Public Utility Commission. Wood River operates a pipeline providing some intrastate services in Illinois, and tariff rates related to this pipeline are regulated by the Illinois Commerce Commission.

Environmental Regulation

We are subject to federal, state and local laws and regulations relating to the protection of the environment. Although we believe that our operations comply in all material respects with applicable environmental laws and regulations, risks of substantial liabilities are inherent in pipeline, terminalling and processing operations, and we may incur material environmental liabilities in the future. Moreover, it is possible that other developments, such as increasingly rigorous environmental laws, regulations and enforcement policies, and claims for damages to property or injuries to persons resulting from our operations, could result in substantial costs and liabilities to us. See "Item 3, Legal Proceedings." The following is a summary of the significant current environmental laws and regulations to which our business operations are subject and for which compliance may require material capital expenditures or have a material adverse impact on our results of operations or financial position.

The Oil Pollution Act of 1990 ("OPA") amended certain provisions of the federal Water Pollution Control Act of 1972, commonly referred to as the Clean Water Act ("CWA"), and other statutes, as they pertain to the prevention of and response to petroleum product spills into navigable waters. The OPA subjects owners of facilities to strict joint and several liability for all containment and clean-up costs and certain other damages arising from a spill. The CWA provides penalties for the discharge of petroleum products in reportable quantities and imposes substantial liability for the costs of removing a spill. State laws for the control of water pollution also provide varying civil and criminal penalties and liabilities in the case of releases of petroleum or its derivatives into surface waters or into the ground.

Contamination resulting from spills or releases of liquid petroleum products sometimes occurs in the petroleum pipeline, terminalling and processing industry. Our pipelines cross, and certain facilities are located near, numerous navigable rivers and streams. Although we believe that we comply in all material respects with the spill prevention, control and countermeasure requirements of federal laws, any spill or other release of petroleum products into navigable waters may result in material costs and liabilities to us.

The Resource Conservation and Recovery Act ("RCRA"), as amended, establishes a comprehensive program of regulation of "hazardous wastes." Hazardous waste generators, transporters, and owners or operators of hazardous waste treatment, storage and disposal facilities must comply with regulations designed to ensure detailed tracking, handling and monitoring of these wastes. RCRA also regulates the disposal of certain non-hazardous wastes. As a result of these regulations, certain wastes typically generated by pipeline, terminalling and processing operations are considered "hazardous wastes", "special wastes" or regulated solid waste. Hazardous wastes are subject to more rigorous and costly disposal requirements than are non-hazardous wastes. Changes in any of the RCRA regulations to, for example, expand the universe of regulated wastes or impose more stringent management requirements, could have a material adverse effect on our maintenance capital expenditures and operating expenses.

The Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), also known as "Superfund," authorizes the federal and state governments to address the release or threat of release of a "hazardous substance." Although CERCLA contains a "petroleum exclusion," that provision generally applies only to unused product not contaminated by contact with other substances, and may exclude product recovered after a release, as well as contact water. A release of a hazardous substance, whether on or off-site, may subject the generator of that substance or the owner of the property on which the release occurred to joint and several liability under CERCLA for the costs of clean-up and other remedial action. Pipeline and facility maintenance and other activities in the ordinary course of our business generate "hazardous substances." As a result, to the extent a hazardous substance generated by us or our predecessors is released or was released or otherwise disposed of in the past, we may in the future be required to remediate the contaminated property. Governmental authorities such as the Environmental Protection Agency ("EPA"), and in some instances third parties, are authorized under CERCLA to seek to recover remediation and other costs from responsible persons, without regard to fault or the legality of the original disposal. In addition to our potential liability as a generator of a "hazardous substance," to the extent that our property or right-of-way is affected by a release of hazardous substances such that it becomes part of a Superfund or other hazardous waste site, we may be responsible under CERCLA for all or part of the costs required to clean up that site, which could be material.

The Clean Air Act, amended by the Clean Air Act Amendments of 1990 (the "Amendments"), imposes controls on the emission of pollutants into the air. The Amendments required states to develop facility-wide permitting programs to comply with a wide range of federal air pollution regulatory programs. States also have their own air pollution regulatory programs that impose permitting and control requirements in addition to the federal requirements. EPA has promulgated greenhouse gas ("GHG") regulations and is otherwise increasing its scrutiny of the oil and gas industry. It is possible that new or more stringent controls will be imposed on us through these programs which could have a material adverse effect on our maintenance capital expenditures and operating expenses. In addition, certain states and regions have adopted or are considering various GHG regulations which may require controls separate from or in conjunction with federal programs.

We are also subject to other environmental laws and regulations adopted by the various states, localities and territories in which we operate. In certain instances, the regulatory standards adopted by the states and/or territories are more stringent than applicable federal laws. In addition, our BBH terminal in The Bahamas and our St. Lucia terminal are subject to the environmental regulatory programs applicable in those countries. While these regulatory programs are today less stringent than in the United States, they have the potential to impose material liabilities on us, particularly in the event of a spill or other release, and if they are made more stringent in the future, we could be required to make significant capital expenditures to meet the new standards.

Pipeline and Terminal Maintenance and Safety Regulation

The pipelines we operate are subject to regulation by the U.S. Department of Transportation ("DOT"), its agency, the Pipeline and Hazardous Materials Safety Administration ("PHMSA"), and state pipeline regulatory bodies as appropriate and consistent with the federal Pipeline Safety Act ("PSA"). The PSA and PHMSA implementing regulations govern the design, installation, testing, construction, operation, replacement and management of pipeline facilities and require any entity that owns or operates pipeline facilities to comply with applicable safety standards, to establish and maintain plans for inspection and maintenance and to comply with such plans and programs. Among others, these programs include: construction, operation and maintenance, integrity management for pipelines located in high consequence areas, operator qualification, control room management, public awareness, and drug and alcohol. Certain states in which we operate participate in oversight and inspection of intrastate and interstate pipeline facilities through certifications and agreements with PHMSA. For intrastate pipelines located in PHMSA certified states, the State may impose additional or more stringent pipeline safety regulations as long as they are not inconsistent with minimum PHMSA standards.

We believe that we currently comply in all material respects with the pipeline safety laws and regulations. However, the industry, including us, will incur additional pipeline and tank integrity expenditures in the future, and we are likely to incur increased operating costs based on these and other government regulations.

The PSA was amended in 2011 and again in 2016. Combined, those statutory amendments have extended the jurisdictional reach of federal pipeline regulation, and mandated additional rulemaking by PHMSA. PHMSA issued two Interim Final Rules in 2016, including its new ability to issue 'Emergency Orders' without prior notice or hearing and to establish minimum standards for underground natural gas storage.

In 2017, PHMSA issued final rules to, among other things, address incident notification, which would impact both gas (49 CFR Part 192) and liquid regulations (49 CFR Part 195), and liquid pipeline integrity assessment, integrity management, and leak detection requirements. Rules regarding incident notification, among other things, were issued in January 2017 and become effective in March 2017. PHMSA issued a final rule on liquid pipeline issues in January 2017. Before that rule became effective, the new Administration issued an Executive Order on January 20, 2017, freezing all pending federal rules. Because parts of the new PHMSA rule were directed by Congressional mandates, which are to be exempt from the regulatory freeze, it is not yet clear whether and to what extent the rule will continue to be subject to the regulatory freeze, or be allowed to become effective.

We are also subject to the requirements of the Occupational Safety and Health Act ("OSHA") and comparable state statutes. We believe that our operations comply in all material respects with OSHA requirements, including general industry standards, record-keeping and the training and monitoring of occupational exposures.

We cannot predict whether or in what form any new legislation or regulatory requirements might be enacted or adopted or the costs of compliance. In general, any such new regulations could increase operating costs and impose additional capital expenditure requirements, but we do not presently expect that such costs or capital expenditure requirements would have a material adverse effect on our results of operations or financial condition.

Environmental Hazards and Insurance

Our business involves a variety of risks, including the risk of natural disasters, adverse weather, fire, explosions, and equipment failures, any of which could lead to environmental hazards such as crude oil and petroleum product spills and other releases. If any of these should occur, we could incur legal defense costs and environmental remediation costs, and could be required to pay amounts due to injury, loss of life, damage or destruction to property, natural resources and equipment, pollution or environmental damage, regulatory investigation and penalties and suspension of operations.

We are covered by site pollution incident legal liability insurance policies with per incident and aggregate limits of $100.0 million, subject to a maximum self-insured retention of $5.0 million. The policies include coverage for sudden and accidental or gradual releases at our listed sites, and also include a contractor's pollution coverage endorsement. The policies insure: (i) claims, remediation costs, and associated legal defense expenses for pollution conditions at, or migrating from, a covered location, and (ii) the transportation risks associated with moving waste from a covered location to any location for unloading or disposal. The premises pollution liability policies contain exclusions, conditions, and limitations that could apply to a particular pollution claim, and may not cover all claims or liabilities we incur. The insurance policies expire on May 1, 2017.

In addition to the site pollution incident legal liability insurance policies, we maintain casualty insurance policies that provide coverage for claims involving sudden and accidental releases with aggregate and per occurrence limits of $400 million. Coverage under the casualty insurance is secondary to the site pollution incident legal liability policies for sudden and accidental releases. The pollution coverage provided in the casualty insurance policies contains exclusions, definitions, conditions and limitations that could apply to a particular pollution claim, and may not cover all claims or liabilities we incur. The insurance policies expire on May 1, 2017.

We generally are not entitled to seek indemnification from our contractual counterparties for any environmental damage caused by the release of products we store, throughput or transport for such counterparties. As discussed above, we maintain insurance policies that are designed to mitigate the risk that we may incur in connection with any such release of products from our facilities, and we believe that the policy limits under site pollution incident legal liability and casualty insurance policies are within the range that is customary for entities of our size that operate in our business segments and are appropriate for our business.

We attempt to reduce our exposure to third-party liability by requiring indemnification and access to third party insurance from our contractors or entities who require access to our facilities and our right-of-way. We have requirements for limits of insurance provided by third parties which we believe are in accordance with industry standards and proof of third-party insurance documentation is retained prior to commencement of work.

We have written plans for responding to emergencies along our pipeline systems and at our terminalling and processing facilities. These plans, which describe the organization, responsibilities and actions for responding to emergencies, are reviewed annually and updated as necessary. Our facilities are designed with product containment structures, and we maintain various additional crude oil containment and recovery equipment that would be deployed in the event of an emergency. We are a member of ten oil spill cooperatives or mutual aid groups, and we maintain more than 50 contract relationships with United States Coast Guard certified spill response organizations, spill response contractors and remediation management consultants. In 2013, we contracted with a third-party to provide enterprise-wide emergency spill response services for certain incidents, which includes the strategic staging of response equipment at our BBH, Yabucoa and St. Lucia terminals. This service contract provides access to over 100 additional local United States Coast Guard certified spill response organizations. This further ensures access to spill response equipment (including boom, recovery pumps, response vehicles, response vessels and response trailers), monitoring and sampling equipment, personal protective equipment and technical expertise needed to respond to an emergency event. We also perform spill response drills to review and exercise the response capabilities of our personnel, contractors and emergency management agencies. Additionally, we have a Crisis Management Team within our organization to provide strategic direction, ensure availability of company resources and manage communications in the event of an emergency situation.

Available Information

We file annual, quarterly and current reports and other documents with the SEC under the Securities Exchange Act of 1934. The public can obtain any documents that we file with the SEC at *www.sec.gov*. We also make available free of charge our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after filing such materials with, or furnishing such materials to, the SEC, on or through our internet website, *www.buckeye.com*. We are not including the information contained on our website as a part of, or incorporating it by reference into, this Report.

You can also find information about us at the offices of the NYSE, 20 Broad Street, New York, New York 10005 or at the NYSE's internet website, *www.nyse.com*.

Item 1A. ***Risk Factors***

There are many factors that may affect us and investments in us. Security holders and potential investors in our securities should carefully consider the risk factors set forth below, as well as the discussion of other factors that could affect us or investments in us included elsewhere in this Report. If one or more of these risks were to materialize, our business, financial position or results of operations could be materially and adversely affected. We are identifying these risk factors as important risk factors that could cause our actual results to differ materially from those contained in any written or oral forward-looking statements made by us or on our behalf.

Risks Inherent in our Business

Changes in petroleum demand and distribution and weakness in the United States economy may adversely affect our business.

Demand for the services we provide depends upon the demand for the products we handle in the regions we serve and the supply of products in the regions connected to our pipelines or from which our customers source products handled by our terminals. Prevailing economic conditions, refined petroleum product, fuel oil and crude oil price levels and weather affect the demand for liquid petroleum products. Changes in transportation and travel patterns in the areas served by our pipelines also affect the demand for petroleum products because a substantial portion of the refined petroleum products transported by our pipelines and throughput at our terminals is ultimately used as fuel for motor vehicles and aircraft. If these factors result in a decline in demand for refined petroleum products, our business would be particularly susceptible to adverse effects because we operate without the benefit of either exclusive franchises from government entities or long-term contracts.

Strong demand for the services we provide in the Caribbean have been driven by increases in crude oil production from Latin America, crude oil movements from South America to Asia, a forward market structure that incentivizes storage, and Latin America demand for clean petroleum products from the United States and Europe. Changes in these and other global patterns of supply and demand for fuel oil, crude oil and clean petroleum products could affect the demand for the services we provide in the Caribbean and the prices we can charge for those services.

In recent years, the federal government has enacted renewable fuel or energy efficiency statutory mandates that may have the impact over time of reducing the demand for fuel oil or clean refined petroleum products, particularly with respect to gasoline, in certain markets. Other legislative changes may similarly alter the expected demand and supply projections for refined petroleum products in ways that cannot be predicted.

Energy conservation, changing sources of supply, structural changes in the oil industry and new energy technologies also could adversely affect our business. We cannot predict or control the effect of these factors on us.

Economic conditions worldwide have from time to time contributed to slowdowns in the oil and gas industry, as well as in the specific segments and markets in which we operate, resulting in reduced oil production, reduced supply or demand and increased price competition for our products and services. In addition, economic conditions could result in a loss of customers in our operating segments because their access to the capital necessary to purchase services we provide is limited. Our operating results may also be affected by uncertain or changing economic conditions in certain regions of the United States. If global economic and market conditions (including volatility or sustained weakness in commodity markets) or economic conditions in the United States remain uncertain or persist, spread or deteriorate further, we may experience material impacts on our business, financial condition, results of operations or cash flows.

A significant decline in production at certain refineries served by certain of our pipelines and terminals, or a fundamental change in the primary source of supply of petroleum products to a region, could materially reduce the volume of liquid petroleum products we transport and adversely impact our operating results.

Refineries that are the primary source of supply of product to our pipelines and terminals could partially or completely shut down their operations, temporarily or permanently, due to factors such as unscheduled maintenance, catastrophes, labor difficulties, environmental proceedings or other litigation, loss of significant downstream customers; or legislation or regulation that adversely impacts the economics of refinery operations. For example, a significant decline in production at the Wood River refinery, Paulsboro refinery or Lima refinery could negatively impact the financial performance of such assets and adversely affect our business, financial position, results of operations or cash flows.

In addition, if there is a fundamental shift in the primary source of supply of petroleum products to a region our pipelines serve and our pipeline infrastructure in the region is not well-suited to serve the new primary source, the performance of such assets could be negatively impacted, and adversely affect our business, financial position, results of operations and cash flows.

Competition could adversely affect our operating results.

Our Domestic Pipelines & Terminals and Global Marine Terminals segments compete with other existing pipelines and terminals that provide similar services in the same markets as our assets. In addition, our competitors could construct new assets or redeploy existing assets in a manner that would result in more intense competition in the markets we serve. We compete with other transportation, storage and distribution alternatives on the basis of many factors, including but not limited to rates, service levels, geographic location, connectivity and reliability. Our customers could utilize the assets and services of our competitors instead of our assets and services, or we could be required to lower our prices or increase our costs to retain our customers.

Our Merchant Services segment buys and sells refined petroleum products in connection with its marketing activities, and must compete with major energy companies, their marketing affiliates, and independent brokers and marketers of widely varying sizes, financial resources and experience. Some of these companies have superior access to capital resources, which could affect our ability to effectively compete with them.

All of these competitive pressures could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Mergers among our customers and competitors could result in lower volumes being shipped on our pipelines and stored in our terminals, thereby reducing the amount of cash we generate.

Mergers between existing customers could provide strong economic incentives for the combined entities to utilize their existing pipeline and terminal systems instead of ours. As a result, we could lose some or all of the volumes and associated revenues from these customers, and we could experience difficulty in replacing those lost volumes and revenues. Because most of our operating costs are fixed, a reduction in volumes would result in not only a reduction of revenues, but also a decline in Adjusted EBITDA (see "Non-GAAP Financial Measures" in Item 7 for a discussion of Adjusted EBITDA, which is our primary measure of performance), net income and cash flow of a similar magnitude, which would reduce our ability to meet our financial obligations and pay cash distributions.

We are a holding company and depend entirely on cash flows from our operating subsidiaries to service our debt obligations and pay cash distributions to our unitholders.

We are a holding company with no material operations, and, as a result, our ability to pay distributions to our unitholders and to service our debt obligations is dependent upon the earnings and cash flows of our operating subsidiaries. If we do not receive distribution of earnings, loans or other payments from our operating subsidiaries, we will not be able to meet our debt service obligations or to make cash distributions to our unitholders. Among other things, this would adversely affect the market price of our LP Units. We are currently bound by the terms of our Credit Facility, which prohibit us from making distributions to our unitholders if a default under the Credit Facility exists at the time of the distribution or would result from the distribution. Our operating subsidiaries may from time to time incur additional indebtedness under agreements that contain restrictions which could further limit each operating subsidiary's ability to make distributions to us.

We may incur unknown and contingent liabilities from assets we have acquired.

Some of the assets we have acquired have been used for many years to distribute, store or transport petroleum products. Releases from terminals or along pipeline rights-of-way may have occurred prior to our acquisition. In addition, releases may have occurred in the past that have not yet been discovered, which could require costly future remediation.

We perform a certain level of diligence in connection with our acquisitions and attempt to ascertain the extent of liabilities that might be associated with an acquired facility, but there may be unknown and contingent liabilities related to our acquisitions of which we are unaware.

If a significant release or event occurred in the past at any of our acquired assets and we are responsible for all or a significant portion of the liability associated with such release or event, it could adversely affect our business, financial position, results of operations and cash flows. We could be liable for unknown obligations relating to any of our acquired assets, for which indemnification or insurance is not available, which could materially adversely affect our business, financial condition, results of operations or cash flow.

If we incorrectly predict the future results of acquired operations or assets, we may not realize all of the benefits we expect from an acquisition. We may make dispositions on terms that are less favorable than we anticipated.

Part of our business strategy includes making acquisitions and, when appropriate, dispositions. In evaluating acquisitions and dispositions, we prepare one or more financial cases based on a number of business, industry, economic, legal, regulatory, and other assumptions applicable to the proposed transaction. Although we expect a reasonable basis will exist for those assumptions, the assumptions typically involve current estimates of future conditions. Many assumptions are beyond our control and may not materialize. Because of the uncertainty and risk of inaccuracy associated with these assumptions, including financial projections, we may not realize the full benefits we anticipate from an acquisition, or we may encounter unanticipated difficulties locating buyers and securing favorable terms for dispositions, each of which could materially adversely affect our business, financial condition, results of operations or cash flow. Dispositions may also involve continued financial involvement in the divested business, such as through continuing minority equity ownership, guarantees, indemnities or other financial obligations. Under these arrangements, performance by the divested businesses or other conditions outside of our control could adversely affect our future financial results.

Potential future acquisitions and organic growth projects, if any, may affect our business by substantially increasing the level of our indebtedness and contingent liabilities and increasing the risks of our being unable to effectively complete and integrate these new operations.

From time to time, we evaluate and acquire assets and businesses that we believe complement our existing assets and businesses. If we consummate any future acquisitions, our capitalization and results of operations may change significantly. We also routinely execute organic growth projects that complement our existing assets. Our decisions regarding new organic growth projects rely on numerous estimates, including predictions of future demand for our services, future supply shifts, crude oil and refined products production estimates, commodity price environments, economic conditions and potential changes in the financial condition of our customers. Our predictions of such factors could cause us to forego certain investments or to lose opportunities to competitors who make investments based on more aggressive predictions. Acquisitions and organic growth projects, including the integration of assets into our existing businesses, may require substantial capital.

Acquisitions and organic growth projects involve numerous risks, including difficulties in the assimilation of the assets and operations of the acquired businesses, inefficiencies and difficulties that arise because of unfamiliarity with new assets and the businesses associated with them and new geographic areas and the diversion of management's attention from other business concerns. Further, we may experience unanticipated delays in realizing the benefits of an acquisition or project or we may be unable to integrate certain assets to the extent such assets relate to a business for which we have no or limited experience. Our failure to properly assess the levels of capital or time required to acquire or build and integrate these assets, or our failure to accurately predict the returns from these assets could have an adverse effect on our business, financial condition, results of operations or cash flows.

Debt securities we issue are, and will continue to be, junior to claims of our operating subsidiaries' creditors.

Our outstanding debt securities are structurally subordinated to the claims of our operating subsidiaries' creditors. In addition, any debt securities we issue in the future will likewise be subordinated in the same manner. Holders of the debt securities will not be creditors of our operating subsidiaries. Our claim to the assets of our operating subsidiaries derives from our own ownership interests in those operating subsidiaries. Claims of our operating subsidiaries' creditors will generally have priority as to the assets of our operating subsidiaries over our own ownership interests and will therefore have priority over the holders of our debt, including our debt securities.

Limited access to the debt and equity markets could adversely affect our business.

Our ability to acquire assets or businesses or make other growth capital investments depends on whether we can access adequate financing. Changes in the debt and equity markets, including market disruptions, limited liquidity, and interest rate volatility, may limit our access to the capital markets, increase the cost of financing and adversely impact our ability to refinance maturing debt. Instability in the financial markets may increase our cost of capital while reducing the availability of funds, affecting our ability to raise capital. If access to the debt and equity markets were limited or not available, our ability to grow our business through acquisitions or other capital investments could be restricted, and it is not certain if other adequate financing options would be available to us on terms and conditions that are acceptable. Any disruption could require us to take additional measures to conserve cash until the markets stabilize or until we can arrange alternative credit arrangements or other funding for our business needs. Such measures could include reducing or delaying investment activities, reducing our operating expenses, limiting our distributions or reducing other uses of cash. Under such circumstances, we may be unable to execute our growth strategy or take advantage of other business opportunities, which could negatively impact our business.

Our rate structures are subject to regulation and change by FERC; required changes could be adverse.

BPLC, Wood River, BPL Transportation, Buckeye Linden and NORCO are interstate common carriers regulated by FERC under the Interstate Commerce Act, the Energy Policy Act of 1992 and the Department of Energy Organization Act. FERC's primary ratemaking methodology is indexing rates for inflation. Where circumstances justify it, FERC permits pipelines to use one of three alternatives to index-based rates: market-based, cost-based, or settlement-based rates. A pipeline is allowed to charge (1) market-based rates if the pipeline establishes that it does not possess significant market power in a particular market, (2) cost-based rates if the pipeline establishes that its costs substantially exceed its indexed rates, and (3) settlement-based rates if the rates are agreed by all shippers receiving a service.

The indexing methodology is used to establish rates on the pipelines owned by Wood River, BPL Transportation, Buckeye Linden and NORCO, and for certain rates charged by BPLC. In December 2015, FERC amended its regulations to change the index to the Producer Price Index ("PPI") — finished goods plus 1.23% effective July 1, 2016. If the index were to be negative, we could be required to reduce the rates charged by Wood River, BPL Transportation, Buckeye Linden and NORCO, and certain rates charged by BPLC, if they exceed the new maximum allowable rate. In addition, changes in the PPI might not fully reflect actual increases in the costs associated with these pipelines, thus potentially hampering our ability to recover our costs by relying on the index. Where circumstances justify it, FERC permits pipelines to use one of three alternatives to indexing—pipelines may seek to use market-based, cost-based, or settlement-based rates.

In addition to the risks described above, at any time shippers on any of our FERC-regulated pipelines have the right to challenge the application of the index to a pipeline's rates or the underlying rates themselves as being unjust and unreasonable, subject to the FERC's cost-of-service standards or that market-based authority is no longer justified because we possess significant market power in a particular market. Such shipper challenges may seek adjustments to our rates prospectively and, subject to limitations, for certain past periods. If a significant shipper challenge were to result in an outcome that is unfavorable to us, our business, financial condition, results of operations and/or cash flows could be adversely impacted.

Climate change legislation or regulations restricting emissions of "greenhouse gases" or setting fuel economy or air quality standards could result in increased operating costs or reduced demand for the liquid petroleum products and other hydrocarbon products that we transport, store or otherwise handle in connection with our business.

In recent years, federal authorities such as the EPA and various state regulatory bodies have increasingly sought to regulate emissions of carbon dioxide, methane and other GHG. Such regulation has targeted emissions from large industrial sources, such as factories, refineries and other manufacturing facilities, and for increasingly large classes of motor vehicles.

While most of the currently effective regulations have not had a material effect on our operations, expansions of the existing regulations or any future laws or regulations that may be adopted to address GHG emissions could require us to incur additional costs to reduce emissions of GHG associated with our operations. The effect on our operations could include increased costs to operate and maintain our facilities, measure and report our emissions, install new emission controls on our facilities, acquire allowances to authorize our GHG emissions, pay any taxes related to our greenhouse gas emissions and administer and manage a GHG emissions program. While we may be able to include some or all of such increased costs in the rates we charge, such recovery of costs is uncertain and may depend on events beyond our control, including the outcome of future rate proceedings before the FERC and the provisions of any final regulations. In addition, laws or regulations regarding fuel economy, air quality or GHG gas emissions (for motor vehicles or otherwise) could include efficiency requirements or other methods of curbing carbon emissions that could adversely affect demand for the liquid petroleum products and other hydrocarbon products that we transport, store or otherwise handle in connection with our business. A significant decrease in demand for petroleum products would have a material adverse effect on our business, financial condition, results of operations or cash flows.

Environmental regulation may impose significant costs and liabilities on us.

We are subject to federal, state and local laws and regulations relating to the protection of the environment. Risks of substantial environmental liabilities are inherent in our operations, and we cannot assure you that we will not incur material environmental liabilities. Additionally, our costs could increase significantly, and we could face substantial liabilities, if, among other developments:

- environmental laws, regulations and enforcement policies become more rigorous; or
- claims for property damage or personal injury resulting from our operations are filed.

Existing or future state or federal government regulations relating to certain chemicals or additives in gasoline or diesel fuel could require capital expenditures or result in lower pipeline volumes and thereby adversely affect our results of operations and cash flows.

Changes made to governmental regulations governing the components of liquid petroleum products may necessitate changes to our pipelines and terminals which may require significant capital expenditures or result in lower pipeline volumes. For instance, the increasing use of ethanol as a fuel additive, which is blended with gasoline at product terminals, may lead to reduced pipeline volumes and revenue which may not be totally offset by increased terminal blending fees we may receive at our terminals.

DOT and state-level regulations may impose significant costs and liabilities on us.

Our pipeline operations are subject to regulation by the DOT and by some of the states in which we do business. Certain states, particularly California, have been reviewing pipeline safety regulations and increasing inspections and audits. These regulations require, among other things, that pipeline operators engage in a regular program of pipeline integrity testing and other inspections to assess, evaluate, repair and validate the integrity of their pipelines, which, in the event of a leak or failure, could affect populated areas, unusually sensitive environmental areas or commercially navigable waterways. In response to these regulations, we conduct pipeline integrity tests on an ongoing and regular basis. Depending on the results of these integrity tests, we could incur significant and unexpected capital and operating expenditures, not accounted for in anticipated capital or operating budgets, in order to repair such pipelines to ensure their continued safe and reliable operation. In addition, any new regulations that are the result of PSA 2011 or any subsequent PSA reauthorization laws or new DOT pipeline safety regulations may affect our operations.

Our international operations may be adversely affected by economic, political and regulatory developments.

BBH's terminalling facility and the St. Lucia terminal are located in The Bahamas and St. Lucia, respectively. VTTI's operations span the globe, with key locations predominantly located in Northwest Europe, the United Arab Emirates and Singapore. As a result, we are exposed to the risks of international operations, including political, economic and regulatory developments and changes in laws or policies affecting our terminalling operations, restrictions on foreign exchange and repatriation, as well as changes in the policies of the United States affecting trade, taxation and investment in other countries. Any such developments or changes could have a material adverse effect on our business, results of operations and cash flow.

Compliance with laws and regulations that apply to our international operations increases the cost of doing business and could interfere with our ability to offer services or expose us to fines and penalties. These numerous laws and regulations include the Foreign Corrupt Practices Act and local laws prohibiting corrupt payments to government officials or agents. Although policies designed to fully ensure compliance with these laws are in place, employees, contractors, or agents may violate the policies. Any such violations could include prohibitions on our ability to offer services internationally and could have a material adverse effect on our business, financial results and cash flow.

We may not be able to fully implement or capitalize upon planned organic growth projects.

We have a number of organic growth projects that involve the construction, expansion or modification of existing assets. Many of these projects involve numerous regulatory, environmental, commercial, economic, weather-related, political and legal uncertainties that are beyond our control, including the following:

- As these projects are undertaken, required approvals, permits and licenses may not be obtained, may be delayed or may be obtained with conditions that materially alter the expected return associated with the underlying projects;
- A depressed crude oil price environment may make it more difficult for producers and other customers to commit to long-term contracts that provide commercial support for certain organic growth projects.
- Despite the fact that we will expend significant amounts of capital during the construction phase of these projects, revenues associated with these organic growth projects will not materialize until the projects have been completed and placed into commercial service, and the amount of revenue generated from these projects could be significantly lower than anticipated for a variety of reasons;
- We may not be able to secure, or we may be significantly delayed in obtaining, all of the rights of way or other real property interests we need to complete such projects, or the costs we incur in order to obtain such rights of way or other interests may be greater than we anticipated;
- We may construct pipelines, facilities or other assets in anticipation of market demand that dissipates or market growth that never materializes;
- Due to unavailability or costs of materials, supplies, power, labor or equipment, the cost of completing these projects could turn out to be significantly higher than we budgeted and the time it takes to complete construction of these projects and place them into commercial service could be significantly longer than planned; and
- The completion or success of our projects may depend on the completion or success of third-party facilities over which we have no control.

As a result of these uncertainties, the anticipated benefits associated with our capital projects may not be achieved. In turn, this could negatively impact our cash flow and our ability to make or increase cash distributions to our unitholders.

Our results could be adversely affected by volatility in the price of refined petroleum products.

The Merchant Services segment buys and sells refined petroleum products in connection with its marketing activities. If the values of refined petroleum products change in a direction or manner that we do not anticipate, we could experience financial losses from these activities. Furthermore, when refined petroleum product prices decrease rapidly, we may be unable to promptly pass our additional costs to our customers, resulting in lower margins for us which could adversely affect our results of operations. Factors that could cause significant increases or decreases in commodity prices include changes in supply due to production constraints, weather, governmental regulations, and changes in consumer demand. It is our practice to maintain a position that is substantially balanced between commodity purchases, on the one hand, and expected commodity sales or future delivery obligations, on the other hand. Through these transactions, we seek to establish a margin for the commodity purchased by selling the same commodity for physical delivery to third-party users, such as wholesalers or retailers. While our hedging policies are designed to minimize commodity price risk, some degree of exposure to unforeseen fluctuations in market conditions remains. For example, any event that disrupts our anticipated physical supply could expose us to risk of loss resulting from price changes if we are required to obtain alternative supplies to cover these sales transactions. In addition, we are also exposed to basis risk which is created when a commodity of a certain grade or location is purchased, sold, or exchanged for a like commodity at a different time or location. For example, we use NYMEX traded products, which deliver in New York Harbor, to hedge our commodity risk associated with physical transactions that will be delivered at other locations, such as Macungie, Pennsylvania. We are also susceptible to basis risk in our hedging activities that arises when a commodity, such as the purchase of heating oil at one location must be hedged against the New York Harbor ultra low sulfur diesel futures contract as a result of limitations within the financial markets for derivative products.

A substantial amount of the petroleum products handled by BBH are exported from Venezuela, which exposes us to political risks.

A substantial portion of BBH's revenue relates to petroleum products exported from Venezuela. This involvement with products exported from Venezuela exposes BBH to significant risks, including potential political and economic instability and trade restrictions and economic embargoes imposed by the United States and other countries.

The loss of one or more key customers in our Global Marine Terminals segment could adversely affect our results of operations and cash flow.

Storage revenue represented 82% of BBH's total revenue for the year ended December 31, 2016, which accounted for approximately 29% of total revenue in the Global Marine Terminals segment. Currently, BBH has a diversified set of storage customers, consisting of major oil companies, energy companies, physical traders and national oil companies. However, for the year ended December 31, 2016, 31% and 60% of BBH's storage revenue was derived from the top one and the top three customers, in the aggregate, respectively. We expect BBH to continue to derive a substantial portion of its total revenue from a small number of customers in the future. BBH may be unsuccessful in renewing its storage contracts with its customers, and those customers may discontinue or reduce contracted storage from BBH. If any of BBH's customers, in particular its top three customers, significantly reduces its contracted storage with BBH and if BBH is unable to find other storage customers on terms substantially similar to the terms under BBH's existing storage contracts, our business, results of operations and cash flow could be adversely affected.

Additionally, revenue from Buckeye Texas, which is contracted predominantly to one customer under long-term take-or-pay arrangements, accounted for approximately 33% of total revenue in the Global Marine Terminals segment for the year ended December 31, 2016. If any one or more of our long-term take-or-pay arrangements with this customer is terminated and we are unable to secure comparable alternative arrangements with one or more third parties, we may not be able to generate sufficient additional revenue to fully replace that generated by the current customer.

A decrease in storage contract renewals or renewals at substantially lower rates at our storage terminals could cause our storage revenue to decline, which could adversely impact our results of operations and cash flow.

The revenue we earn from storage services at our storage terminals is provided for in contracts negotiated with our storage services customers. Many of those contracts are for multi-year periods and require our customers to pay a fixed rate for storage capacity regardless of market conditions during the contract period. Changing market conditions, including changes in petroleum product supply or demand patterns, forward-price structure, financial market conditions, regulations, accounting rules or other factors could cause our customers to be unwilling to renew their storage services contracts with us when those contracts terminate, or make them willing to renew only at lower rates or for shorter contract periods. Failure by our customers to renew their storage contracts on terms and at rates substantially similar to our existing contracts could result in lower utilization of our facilities and could adversely impact our results of operations and cash flow.

Reduced volatility in energy prices or new government regulations could discourage our storage customers from holding positions in petroleum products, which could adversely affect the demand for our storage services.

We have constructed and continue to build new storage tanks in response to increased customer demand for storage. Many of our competitors have also built new storage facilities. The demand for new storage has resulted in part from our customers' desire to have the ability to take advantage of profit opportunities created by volatility in the prices of petroleum products. If the prices of petroleum products become relatively stable, or if federal or state regulations are passed that discourage our customers from storing these commodities, demand for our storage services could decrease, in which case we may be unable to lease storage capacity or be forced to reduce the rates we charge for storage services capacity, and we may experience material impacts on our business, financial condition, results of operations or cash flows.

Cybersecurity breaches and other disruptions could compromise our information and expose us to liability, which could cause our business and reputation to suffer.

Cyber security attacks are evolving and include but are not limited to, malicious software, attempts to gain unauthorized access to, or otherwise disrupt, our pipeline control systems, attempts to gain unauthorized access to proprietary information, and other electronic security breaches that could lead to disruptions in critical systems, including our pipeline control systems, unauthorized release of confidential or otherwise protected information and corruption of data. These events could damage our reputation and cause us to incur liabilities that have a material adverse impact on the Partnership, including financial losses from remedial actions, business interruptions, and loss of business.

Terrorist attacks or other security threats could adversely affect our business.

Since the attacks of September 11, 2001, the United States government has issued warnings that energy assets, specifically our nation's pipeline infrastructure, may be the future target of terrorist organizations. In addition to the threat of terrorist attacks, we face various other security threats, including cyber security threats to gain unauthorized access to sensitive information or systems or to render data or systems unusable; threats to the safety of our employees; threats to the security of our facilities, such as terminals and pipelines, and infrastructure or third-party facilities and infrastructure. These developments have subjected our operations to increased risks.

Although we utilize various procedures and controls to monitor these threats and mitigate our exposure to security threats, there can be no assurance that these procedures and controls will be sufficient in preventing security threats from materializing. If any of these events were to materialize, they could lead to losses of sensitive information, critical infrastructure, personnel or capabilities, essential to our operations and could have a material adverse effect on our reputation, financial position, results of operations, or cash flows.

During 2007, the Department of Homeland Security promulgated the Chemical Facility Anti-Terrorism Standards ("CFATS") to regulate the security of facilities that handle certain chemicals. We have submitted to the Department of Homeland Security certain required information concerning our facilities in compliance with CFATS and, as a result, several of our facilities have been determined to be initially tiered as "high risk" by the Department of Homeland Security. Due to this determination, we are required to prepare a security vulnerability assessment and, in certain locations, develop and implement site security plans required by CFATS. The Department of Homeland Security began a concerted effort to enforce and further define the CFATS program in 2013, which we expect to continue. At this time, we do not believe that compliance with CFATS will have a material effect on our business, financial condition, results of operations or cash flows.

In addition to CFATS, our domestic operations are also subject to other laws and regulations promulgated and enforced by other components of the Department of Homeland Security and the Department of Transportation, including TSA Pipeline Security Guidelines. Our operations in The Bahamas and in St. Lucia are subject to similar security-related regulations. We believe that we currently comply in all material respects with security-related laws and regulations. However, this is an area of continued regulatory developments for our industry and as such, we may incur increased operating costs based on developments associated with these regulations and ongoing compliance. At this time, we do not believe that future compliance with these requirements will have a material effect on our business, financial condition, results of operations or cash flows.

We could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act and similar worldwide anti-bribery laws.

Our international operations require us to comply with a number of U.S. and international laws and regulations, including those involving anti-bribery and anti-corruption. For example, the U.S. Foreign Corrupt Practices Act and similar international laws and regulations prohibit improper payments to foreign officials for the purpose of obtaining or retaining business. The scope and enforcement of anti-corruption laws and regulations may vary.

We operate in parts of the world that have experienced governmental corruption to some degree, and in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices. Our compliance programs and internal control policies and procedures may not always protect us from reckless or negligent acts committed by our employees or agents. Violations of these laws, or allegations of such violations, could disrupt our business and result in a material adverse effect on our business and operations.

Derivative reform mandated by the Dodd-Frank Act and rules and regulations under the Dodd-Frank Act may have an adverse effect on our ability to use certain derivative instruments to reduce the effect of commodity price, interest rate and other risks associated with our business.

Congress adopted the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") in 2010. Among other things, the Dodd-Frank Act mandated significant changes to the over-the-counter derivative market and requires the Commodities Futures Trading Commission and the SEC and other regulators to promulgate rules and regulations establishing federal oversight and regulation of the over-the-counter derivative market. Although as of December 31, 2016, the rules and regulations under the Dodd-Frank Act have not had an adverse effect on our ability to use certain derivative instruments to reduce the effect of commodity price, interest rate and other risks associated with our business, such rules and regulations (including rules and regulations mandated by the Dodd-Frank Act that have not yet been promulgated) may have an adverse effect on our ability to do so in the future.

The rulemaking process under the Dodd-Frank Act has not been fully completed, and in certain cases where rule-making is final, the rules will be phased in over a period of time. As a result, it is not possible at this time to determine the full effect that the Dodd-Frank Act will have on our ability to continue to use the derivative products we currently utilize. The rules and regulations under the Dodd-Frank Act may increase the costs of certain derivative products as a result of the imposition of capital, margin, clearing and exchange-trading requirements either on us or on our counterparties. Any requirement to post more collateral to our counterparties in excess of what we currently post to collateralize our obligations may have a negative impact upon our liquidity. Position limits may be imposed upon certain derivative transactions, which may further restrict our ability to utilize these products. The effects of the rules and regulations under the Dodd-Frank Act may also reduce our ability to monetize or restructure our existing derivative contracts. If, as a result of the Dodd-Frank Act and the rules and regulations promulgated thereunder, we reduce our use of certain derivatives, our results of operations may become more volatile and our cash flows may be less predictable, which could adversely affect our ability to plan for and fund capital expenditures or increase our distributions. Any of these consequences could have a material adverse effect on us, our financial condition, and our results of operations.

Our business is exposed to customer credit risk, and we may not be able to fully protect ourselves against such risk.

Our businesses are subject to the risks of nonpayment and nonperformance by our customers. We have in the past and expect to continue to undertake capital expenditures based on commitments, including take-or-pay commitments, from customers upon which we expect to realize a return. Nonperformance by our customers of those commitments or termination of those commitments resulting from our inability to timely meet our obligations could result in substantial losses to us. In addition, some of our customers, counterparties and suppliers may be highly leveraged and subject to their own operating and regulatory risks and, even if our credit review and analysis mechanisms work properly, we may experience financial losses in our dealings with such parties. Volatility in commodity prices might have an impact on many of our customers, which in turn could have a negative impact on their ability to meet their obligations to us. We manage our exposure to credit risk through credit analysis and monitoring procedures, and sometimes collateral, such as letters of credit, prepayments, liens on customer assets and guarantees. However, these procedures and policies cannot fully eliminate customer credit risk, and to the extent our policies and procedures prove to be inadequate, it could negatively affect our financial condition and results of operations.

The marketing business in our Merchant Services segment enters into sales contracts pursuant to which customers agree to buy refined petroleum products from us at a fixed price on a future date. If our customers have not hedged their exposure to reductions in refined petroleum product prices and there is a price drop, then they could have a significant loss upon settlement of their fixed-price contracts with us, which could increase the risk of their nonpayment or nonperformance. In addition, we generally have entered into futures contracts to hedge our exposure under these fixed-price contracts to increases in refined petroleum product prices. If price levels are lower at settlement than when we entered into these futures contracts, then we will be required to make payments upon the settlement thereof. Ordinarily, this settlement payment is offset by the payment received from the customer pursuant to the associated fixed-price contract. We are, however, required to make the settlement payment under the futures contract even if a fixed-price contract customer does not perform. Nonperformance under fixed-price contracts by a significant number of our customers could have an adverse effect on our business, financial condition, results of operations or cash flows.

Our operations are subject to operational hazards and unforeseen interruptions for which we may not be insured or entitled to indemnification.

Our operations are subject to operational hazards and unforeseen interruptions such as natural disasters, adverse weather, accidents, fires, explosions, marine allisions, hazardous materials releases and other events beyond our control. These events might result in a loss of equipment or life, injury, or extensive property or environmental damage, as well as an interruption in our operations. Our operations are currently covered by property, casualty, workers' compensation and environmental insurance policies. In the future, however, we may not be able to maintain or obtain insurance of the type and amount desired at reasonable rates. As a result of market conditions, premiums and deductibles for certain insurance policies have increased substantially, and could escalate further. In some instances, certain insurance could become unavailable or available only for reduced amounts of coverage. For example, insurance carriers are now requiring broad exclusions for losses due to war risk and terrorist acts. Further, our environmental pollution coverage is subject to exclusions, conditions and limitations that could apply to a particular pollution claim or may not cover all claims or liabilities we incur. The contracts with our customers and other business partners involve risk-allocation and indemnification provisions. However, pursuant to these contracts we generally may not seek indemnification from a counterparty for liabilities, including those associated with the release of petroleum products, arising at a time in which we are in possession of the product owned by the counterparty. If we were to incur a significant liability for which we were not fully insured, or insured at all, it could have a material adverse effect on our business, financial condition, results of operation or cash flows.

Our risk management policies cannot eliminate all commodity price risk and any noncompliance with our risk management policies could result in significant financial losses.

We follow risk management practices that are designed to minimize commodity price risk, credit risk and operational risk. These practices and policies cannot, however, eliminate all price and price-related risks. Additionally, noncompliance with such practices and policies by our employees or agents may create additional risk. We cannot make any assurances that we will detect and prevent all violations of our risk management practices and policies, particularly if deception or other intentional misconduct is involved. Any violations of these practices or policies by our employees or agents could result in significant financial losses.

Hurricanes and other severe weather conditions, which may become more frequent as a result of climatic changes, could damage our facilities or disrupt our marine terminals or the operations of their customers, which could have a material adverse effect on our business, financial results and cash flow.

The operations of our facilities, in particular our marine terminals, could be impacted by severe weather conditions, including hurricanes. Any such event could cause a serious business disruption or serious damage to our facilities, which could affect such facilities' ability to provide services. Additionally, such events could impact our facilities' customers, and they may be unable to utilize our services. In addition, many scientists believe that global climatic changes are occurring and are likely to lead to increased physical risks, including an increase in sea level, wetland and barrier island erosion, risks of flooding and changes in weather conditions, such as precipitation, average temperatures and extreme weather conditions or storms. We own assets in communities that may be at risk from sea level rise, changes in weather conditions, storms and loss of the protection offered by coastal wetlands. The portion of our assets that is located in these areas may be increasingly susceptible to storm damage that could be aggravated by wetland and barrier island erosion. Existing weather-related risks and increased risks from additional future climate changes could have a material adverse effect on our business, financial condition, results of operation or cash flows.

Increases in interest rates could adversely affect our unit price and our business.

Interest rates on future debt offerings could be higher than current levels, causing our financing costs to increase accordingly. An increase in interest rates could also cause a corresponding decline in demand for equity investments, in general, and in particular for yield-based equity investments such as our LP Units. Lower demand for our LP Units for any reason, including competition from other more attractive investment opportunities, would likely cause the trading price of our LP Units to decline. If we issue additional equity at a significantly lower price, material dilution to our existing unitholders could result.

Additionally, we use both fixed and variable rate debt, and we are exposed to market risk due to the floating interest rates on our credit facility. From time to time we use interest rate derivatives to hedge interest obligations on specific debt. In addition, interest rates on future debt offerings could be higher, causing our financing costs to increase accordingly. Our results of operations, cash flows and financial position could be adversely affected by significant increases in interest rates above current levels.

Our investment in VTTI involves risks associated with the integration of acquired businesses, including the potential exposure to significant liabilities, and the intended benefits of our investment in VTTI may not be realized.

Our investment in VTTI involves risks associated with the integration of acquired businesses, including, among other things:

- diversion of management's attention from other business concerns;
- managing regulatory compliance and corporate governance matters;
- ensuring the VTTI Entities have appropriate internal controls and maintaining an effective system of internal controls at Buckeye related to the VTTI Entities;
- failure of the VTTI Entities to perform as well as we anticipate;
- incurrence of significant unknown and contingent liabilities for which we have limited or no contractual remedies or insurance coverage; and
- potential environmental or other regulatory compliance matters or liabilities and/or title issues, including certain liabilities arising from the operation of the VTTI Entities prior to the closing of the VTTI Acquisition.

Further, unexpected costs and challenges may arise whenever businesses undergo a change in ownership and management, and we may experience unanticipated delays in realizing the benefits of our investment in VTTI. If such risks or other anticipated or unanticipated liabilities were to materialize, any desired benefits of our investment in VTTI may not be fully realized, if at all, and our future financial performance may be negatively impacted.

We have limited ability to influence significant business decisions affecting VTTI without also receiving the consent of Vitol.

Differences in views among the owners of VTTI could result in delayed decisions or in failures to agree on significant matters, potentially adversely affecting the business and results of operations or prospects of VTTI and, in turn, the amount of cash from operations distributed to us.

In addition, we do not control the day-to-day operations of VTTI and its subsidiaries (collectively, the "VTTI Entities"). Our lack of control over the VTTI Entities' day-to-day operations and the associated costs of such operations could result in our receiving lower cash distributions than we anticipate, which could have an adverse effect on our financial condition or cash flows.

Risks Relating to Partnership Structure

We may sell additional units, diluting existing interests of unitholders.

Our partnership agreement allows us to issue additional units and certain other equity securities without unitholder approval. There is no limit on the total number of units and other equity securities we may issue. We regularly issue additional units, through our at-the-market offering program and otherwise, and when we issue additional units or other equity securities, the proportionate partnership interest of our existing unitholders will decrease. The issuance could negatively affect the amount of cash distributed to unitholders and the market price of the units. Issuance of additional units will also diminish the relative voting strength of the previously outstanding LP Units.

Our partnership agreement limits the liability of our general partner and its directors and officers.

Our general partner and its directors and officers owe fiduciary duties to our unitholders. Provisions of our partnership agreement and partnership agreements for each of our operating partnerships, however, contain language limiting the liability of the general partner and its directors and officers to the unitholders for actions or omissions taken in good faith which do not involve gross negligence or willful misconduct. In addition, these partnership agreements grant broad rights of indemnification to the general partner and its directors, officers, employees and affiliates.

Unitholders may not have limited liability in some circumstances.

The limitations on the liability of holders of limited partnership interests for the obligations of a limited partnership have not been clearly established in some states. If it were determined that we had been conducting business in any state without compliance with the applicable limited partnership statute, or that the unitholders as a group took any action pursuant to our partnership agreement that constituted participation in the "control" of our business, then the unitholders could be held liable under some circumstances for our obligations to the same extent as a general partner.

Under applicable state law, our general partner has unlimited liability for our obligations, including our debts and environmental liabilities, if any, except for our contractual obligations that are expressly made without recourse to the general partner.

In addition, Section 17-607 of the Delaware Revised Uniform Limited Partnership Act provides that under some circumstances a unitholder may be liable to us for the amount of distributions paid to the unitholder for a period of three years from the date of the distribution.

Tax Risks to Unitholders

Our tax treatment depends on our status as a partnership for federal income tax purposes, as well as our not being subject to a material amount of entity-level taxation by individual states. If the Internal Revenue Service ("IRS") were to treat us as a corporation for federal income tax purposes, or we become subject to entity-level taxation for state tax purposes, our cash available for distribution to you would be substantially reduced.

The anticipated after-tax economic benefit of an investment in our LP Units depends largely on our being treated as a partnership for federal income tax purposes.

Despite the fact that we are organized as a limited partnership under Delaware law, we will be treated as a corporation for U.S. federal income tax purposes unless we satisfy a "qualifying income" requirement. Based upon our current operations and the private letter rulings we have received with respect to certain aspects of our business, we believe we satisfy the qualifying income requirement. Failing to meet the qualifying income requirement or a change in current law could cause us to be treated as a corporation for U.S. federal income tax purposes or otherwise subject us to taxation.

If we were treated as a corporation for federal income tax purposes, we would pay U.S. federal income tax on our taxable income at the corporate tax rate, which is currently a maximum of 35%. Distributions to you would generally be taxed again as corporate distributions, and no income, gains, losses or deductions would flow through to you. Because a tax would be imposed upon us as a corporation, our cash available for distribution to you would be substantially reduced. Therefore, treatment of us as a corporation would result in a material reduction in the anticipated cash flow and after-tax return to holders of our LP Units, likely causing a substantial reduction in the value of our LP Units.

Our partnership agreement provides that if a law is enacted or existing law is modified or interpreted in a manner that subjects us to taxation as a corporation or otherwise subjects us to entity-level taxation for U.S. federal, state, local or foreign income tax purposes, the minimum quarterly distribution amount and the target distribution amounts may be adjusted to reflect the impact of that law or interpretation on us. At the state level, several states have been evaluating ways to subject partnerships to entity-level taxation through the imposition of state income, franchise or other forms of taxation. If any state were to impose a tax upon us as an entity, the cash available for distribution to you would be reduced and the value of our LP Units could be negatively impacted.

The tax treatment of publicly traded partnerships or an investment in our LP Units could be subject to potential legislative, judicial or administrative changes and differing interpretations, possibly on a retroactive basis.

The present U.S. federal income tax treatment of publicly traded partnerships, including us, or an investment in our LP Units may be modified by administrative, legislative or judicial changes or differing interpretations at any time. From time to time, members of Congress propose and consider substantive changes to the existing federal income tax laws that affect publicly traded partnerships. Although there is no current legislative proposal, a prior legislative proposal would have eliminated the qualifying income exception to the treatment of all publicly-traded partnerships as corporations upon which we rely for our treatment as a partnership for U.S. federal income tax purposes.

In addition, on January 24, 2017, final regulations (the "Final Regulations") regarding which activities give rise to qualifying income within the meaning of Section 7704 of the Internal Revenue Code of 1986, as amended (the "Code") were published in the Federal Register. We do not believe the Final Regulations affect our ability to be treated as a partnership for U.S. federal income tax purposes.

However, any modification to the U.S. federal income tax laws may be applied retroactively and could make it more difficult or impossible for us to meet the exception for certain publicly traded partnerships to be treated as partnerships for U.S. federal income tax purposes. We are unable to predict whether any of these changes or other proposals will ultimately be enacted. Any such changes could negatively impact the value of an investment in our LP Units.

If the IRS were to contest the federal income tax positions we take, it may adversely impact the market for our LP Units, and the costs of any such contest would reduce cash available for distribution to you.

We have not requested a ruling from the IRS with respect to our treatment as a partnership for federal income tax purposes. The IRS may adopt positions that differ from the positions we take. It may be necessary to resort to administrative or court proceedings to sustain some or all of the positions we take. A court may not agree with some or all of the positions we take. Any contest with the IRS may materially and adversely impact the market for our LP Units and the price at which they trade. Moreover, the costs of any contest between us and the IRS will result in a reduction in cash available for distribution to our unitholders and thus will be borne indirectly by our unitholders.

If the IRS makes audit adjustments to our income tax returns for tax years beginning after December 31, 2017, it (and some states) may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustment directly from us, in which case our cash available for distribution to our unitholders might be substantially reduced.

Pursuant to the Bipartisan Budget Act of 2015, for tax years beginning after December 31, 2017, if the IRS makes audit adjustments to our income tax returns, it (and some states) may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustment directly from us. Under our limited partnership agreement, our general partner is permitted to make elections under the new rules to either pay the taxes (including any applicable penalties and interest) directly to the IRS or, if we are eligible, issue a revised Schedule K-1 to each unitholder with respect to an audited and adjusted return. Although our general partner may elect to have our unitholders take such audit adjustment into account in accordance with their interests in us during the tax year under audit, there can be no assurance that such election will be practical, permissible or effective in all circumstances. As a result, our current unitholders may bear some or all of the tax liability resulting from such audit adjustment, even if such unitholders did not own units in us during the tax year under audit. If, as a result of any such audit adjustment, we are required to make payments of taxes, penalties and interest, our cash available for distribution to our unitholders might be substantially reduced. These rules are not applicable for tax years beginning on or prior to December 31, 2017.

Even if you do not receive any cash distributions from us, you will be required to pay taxes on your share of our taxable income.

You will be required to pay federal income taxes and, in some cases, state and local income taxes, on your share of our taxable income, whether or not you receive cash distributions from us. For example, if we sell assets and use the proceeds to repay existing debt or fund capital expenditures, you may be allocated taxable income and gain resulting from the sale, and our cash available for distribution would not increase. Similarly, taking advantage of opportunities to reduce our existing debt, such as debt exchanges, debt repurchases, or modifications of our existing debt could result in "cancellation of indebtedness income" being allocated to our unitholders as taxable income without any increase in our cash available for distribution. You may not receive cash distributions from us equal to your share of our taxable income or even equal to the actual tax due from you with respect to that income.

Tax gain or loss on disposition of our LP Units could be more or less than expected.

If you sell your LP Units, you will recognize a gain or loss equal to the difference between the amount realized and your tax basis in those LP Units. Because distributions in excess of your allocable share of our net taxable income decrease your tax basis in your LP Units, the amount, if any, of such prior excess distributions with respect to the LP Units you sell will, in effect, become taxable income to you if you sell such LP Units at a price greater than your tax basis in those LP Units, even if the price you receive is less than your original cost. Furthermore, a substantial portion of the amount realized, whether or not representing a gain, may be taxed as ordinary income due to potential recapture items, including depreciation recapture. In addition, because your amount realized includes your share of our nonrecourse liabilities, if you sell your LP Units, you may incur a tax liability in excess of the amount of cash you receive from the sale.

A substantial portion of the amount realized from the sale of your units, whether or not representing gain, may be taxed as ordinary income to you due to potential recapture items, including depreciation recapture. Thus, you may recognize both ordinary income and capital loss from the sale of your units if the amount realized on a sale of your units is less than your adjusted basis in the units. Net capital loss may only offset capital gains and, in the case of individuals, up to $3,000 of ordinary income per year. In the taxable period in which you sell your units, you may recognize ordinary income from our allocations of income and gain to you prior to the sale and from recapture items that generally cannot be offset by any capital loss recognized upon the sale of units.

Tax-exempt entities and non-U.S. persons face unique tax issues from owning our LP Units that may result in adverse tax consequences to them.

Investment in LP Units by tax-exempt entities, such as employee benefit plans and individual retirement accounts ("IRAs"), and non-U.S. persons raises issues unique to them. For example, virtually all of our income allocated to organizations that are exempt from federal income tax, including IRAs and other retirement plans, will be unrelated business taxable income and will be taxable to them. Distributions to non-U.S. persons will be subject to withholding taxes imposed at the highest effective tax rate applicable to such non-U.S. persons, and each non-U.S. person will be required to file United States federal tax returns and pay tax on their share of our taxable income. If you are a tax-exempt entity or a non-U.S. person, you should consult your tax advisor before investing in our LP Units.

We treat each purchaser of LP Units as having the same tax benefits without regard to the LP Units actually purchased. The IRS may challenge this treatment, which could adversely affect the value of the LP Units.

Because we cannot match transferors and transferees of LP Units and because of other reasons, we have adopted depreciation and amortization positions that may not conform to all aspects of existing U.S. Treasury Regulations. A successful IRS challenge to those positions could adversely affect the amount of tax benefits available to you. It also could affect the timing of these tax benefits or the amount of gain from your sale of LP Units and could have a negative impact on the value of our LP Units or result in audit adjustments to your tax returns.

We prorate our items of income, gain, loss and deduction between transferors and transferees of our LP Units each month based upon the ownership of our LP Units on the first day of each month, instead of on the basis of the date a particular LP Unit is transferred. The IRS may challenge this treatment, which could change the allocation of items of income, gain, loss and deduction among our unitholders.

We generally prorate our items of income, gain, loss and deduction between transferors and transferees of our LP Units each month based upon the ownership of our LP Units on the first day of each month (the "Allocation Date"), instead of on the basis of the date a particular LP Unit is transferred. Similarly, we generally allocate certain deductions for depreciation of capital additions, gain or loss realized on a sale or other disposition of our assets and, in the discretion of the general partner, any other extraordinary item of income, gain, loss or deduction based upon ownership on the Allocation Date. The U.S. Department of the Treasury adopted final Treasury Regulations allowing a similar monthly simplifying convention, but such regulations do not specifically authorize all aspects of our proration method. If the IRS were to challenge our proration method, we may be required to change the allocation of items of income, gain, loss and deduction among our unitholders.

A unitholder whose LP Units are the subject of a securities loan (e.g., a loan to a "short seller" to cover a short sale of LP Units) may be considered to have disposed of those LP Units. If so, he would no longer be treated for tax purposes as a partner with respect to those LP Units during the period of the loan and could recognize gain or loss from the disposition.

Because there are no specific rules governing the federal income tax consequences of loaning a partnership interest, a unitholder whose LP Units are the subject of a securities loan may be considered to have disposed of the loaned LP Units. In that case, the unitholder may no longer be treated for tax purposes as a partner with respect to those LP Units during the period of the loan to the short seller and the unitholder may recognize gain or loss from such disposition. Moreover, during the period of the loan, any of our income, gain, loss or deduction with respect to those LP Units may not be reportable by the unitholder and any cash distributions received by the unitholder as to those LP Units could be fully taxable as ordinary income. Unitholders desiring to assure their status as partners and avoid the risk of gain recognition from a securities loan are urged to modify any applicable brokerage account agreements to prohibit their brokers from borrowing their LP Units.

The sale or exchange of 50% or more of our capital and profits interests during any twelve-month period will result in the termination of our partnership for federal income tax purposes.

We will be considered to have terminated for U.S. federal income tax purposes if there is a sale or exchange of 50% or more of the total interests in our capital and profits within a twelve-month period. Our termination would, among other things, result in the closing of our taxable year for all unitholders, which would result in us filing two tax returns for one calendar year and could result in a significant deferral of depreciation deductions allowable in computing our taxable income. In the case of a unitholder reporting on a taxable year other than a calendar year, the closing of our taxable year may also result in more than twelve months of our taxable income or loss being includable in taxable income for the unitholder's taxable year that includes our termination. Our termination would not affect our classification as a partnership for federal income tax purposes, but it would result in our being treated as a new partnership for U.S. federal income tax purposes following the termination. If we were treated as a new partnership, we would be required to make new tax elections and could be subject to penalties if we were unable to determine that a termination occurred. The IRS has announced a relief procedure whereby if a publicly traded partnership that has technically terminated requests and the IRS grants special relief, among other things, the partnership may be permitted to provide only a single Schedule K-1 to unitholders for the two short tax periods included in the year in which the termination occurs.

We may in the future cause all or a portion of our interest in the acquired VTTI business to be held in an entity treated as a corporation for U.S. federal income tax purposes, which would reduce cash available for distribution from the acquired VTTI business.

Despite the fact that we are a limited partnership under Delaware law, it is possible in certain circumstances for a publicly traded partnership such as ours to be treated as a corporation for U.S. federal income tax purposes. In order to maintain our status as a partnership for U.S. federal income tax purposes, 90% or more of our gross income in each tax year must be qualifying income under Section 7704 of the Internal Revenue Code, as amended.

We expect to derive income from the transportation and storage of LPG, crude oil and refined petroleum products in part through direct or indirect non-U.S. subsidiaries of VTTI, including VTTI Energy Partners LP, that are treated as corporations for U.S. federal income tax purposes. In specific circumstances we may be required to include certain amounts of this corporate income in our own gross income whether or not these corporations make matching cash distributions. Our counsel on matters of U.S. federal income tax law is unable to opine as to the qualifying income nature of portions of such income inclusions derived from the VTTI assets or operations. Consequently, we intend to actively monitor the amounts of any such income inclusions and may seek a ruling from the IRS with respect to the qualifying income nature of these income inclusion amounts. If these income inclusion amounts exceed or are expected to exceed our currently anticipated tolerance for gross income with respect to which our counsel is unable to opine and we are unable to receive a favorable IRS ruling in a timely manner, it may be necessary for us to hold some or all of our interests in the acquired VTTI business through a taxable U.S. corporate subsidiary. In such case, this corporate subsidiary would be subject to corporate-level tax on its taxable income at the applicable U.S. federal corporate income tax rate of 35% as well as any applicable state income tax rates. Imposition of a corporate level federal income tax would significantly reduce the anticipated cash available for distribution from the acquired VTTI business to us and, in turn, would reduce our cash available for distribution to our unitholders. Moreover, if the IRS were to successfully assert that this corporation had more tax liability than we currently anticipate or legislation was enacted that increased the corporate tax rate, our cash available for distribution to our unitholders would be significantly reduced.

Notwithstanding our treatment for U.S. federal income tax purposes, we may be subject to additional tax on our non-U.S. income. If a taxing authority were to successfully assert that we have more tax liability than we anticipate or legislation were enacted that increased the taxes to which we are subject, the cash available for distribution to you could be further reduced.

A portion of our business operations and subsidiaries and a portion of the VTTI business operations and subsidiaries are generally subject to income, withholding and other taxes in the non-U.S. jurisdictions in which they are organized or from which they receive income, reducing the amount of cash available for distribution. In computing our tax obligation in these non-U.S. jurisdictions, we are required to take various tax accounting and reporting positions on matters that are not entirely free from doubt and for which we have not received rulings from the governing tax authorities, such as whether withholding taxes will be reduced by the application of certain tax treaties. Upon review of these positions the applicable authorities may not agree with our positions. A successful challenge by a tax authority could result in additional tax being imposed on us, reducing the cash available for distribution to unitholders. In addition, changes in our operations or ownership could result in higher than anticipated tax being imposed in jurisdictions in which we are organized or from which we receive income and further reduce the cash available for distribution.

Unitholders will likely be subject to state and local taxes and income tax return filing requirements in jurisdictions where such unitholders do not live.

In addition to U.S. federal income taxes, unitholders may be subject to other taxes, including state and local taxes, unincorporated business taxes and estate, inheritance or intangible taxes that are imposed by the various jurisdictions in which we conduct business or own property now or in the future, even if a unitholder does not live in any of those jurisdictions. Unitholders will likely be required to file state and local income tax returns and pay state and local income taxes in some or all of these various jurisdictions. Further, unitholders may be subject to penalties for failure to comply with those requirements. We own property and conduct business in a number of states in the United States. Most of these states impose an income tax on individuals, corporations and other entities. Additionally, we also directly and indirectly own property and conduct business in multiple non-U.S. jurisdictions. Under current law, unitholders are not required to file a tax return or pay taxes in any of the non-U.S. jurisdictions where we currently directly and indirectly own property or operate in. As we make acquisitions or expand our business, we may own assets or conduct business in additional states or non-U.S. jurisdictions that impose a personal income tax. It is a unitholder's responsibility to file all non-U.S., federal, state and local tax returns.

We have a subsidiary that is treated as a corporation for federal income tax purposes and subject to corporate-level income taxes.

We conduct a portion of our operations through a subsidiary that is a corporation for federal income tax purposes. We may elect to conduct additional operations in corporate form in the future. The corporate subsidiary will be subject to corporate-level tax, which will reduce the cash available for distribution to us and, in turn, to our unitholders. If the IRS were to successfully assert that the corporate subsidiary has more tax liability than we anticipate or legislation was enacted that increased the corporate tax rate, our cash available for distribution would be further reduced.

Item 1B. ***Unresolved Staff Comments***

None.

Item 2. *Properties*

We are managed primarily from two leased commercial business offices located in Breinigsville, Pennsylvania and Houston, Texas that are approximately 75,000 and 73,000 square feet in size, respectively.

In general, our pipelines are located on land owned by others pursuant to rights granted under easements, leases, licenses and permits from railroads, utilities, governmental entities and private parties. Like other pipelines, certain of our rights are revocable at the election of the grantor or are subject to renewal at various intervals, and some require periodic payments. We have not experienced any revocations or lapses of such rights which were material to our business or operations, and we have no reason to expect any such revocation or lapse in the foreseeable future. Most delivery points, gathering, pumping stations and terminalling facilities are located on land that we own.

See "Item 1, Business" for a description of the location and general character of our material property.

We believe that we have sufficient title to our material assets and properties, possess all material authorizations and revocable consents from state and local governmental and regulatory authorities and have all other material rights necessary to conduct our business substantially in accordance with past practice. Although in certain cases our title to assets and properties or our other rights, including our rights to occupy the land of others under easements, leases, licenses and permits, may be subject to encumbrances, restrictions and other imperfections, we do not expect any of such imperfections to materially detract from the value of such assets or properties or interfere materially with the conduct of our businesses.

Item 3. *Legal Proceedings*

In the ordinary course of business, we are involved in various claims and legal proceedings, some of which are covered by insurance. We are generally unable to predict the timing or outcome of these claims and proceedings. Based upon our evaluation of existing claims and proceedings and the probability of losses relating to such contingencies, we have accrued certain amounts relating to such claims and proceedings, none of which are considered material.

In June 2016, Buckeye Pipe Line Company, L.P. ("BPLC"), as the operator of the West Shore pipeline system, received a penalty from PHMSA totaling $0.1 million in connection with certain procedural issues related to an inspection. We determined not to contest the penalty and paid it in full. West Shore indemnified BPLC for all costs associated with the penalty.

On January 19, 2016, Buckeye received a letter from the Environmental Enforcement Section of the Department of Justice discussing a possible consent decree in connection with pipeline releases of West Shore that occurred on December 14, 2010 near Lockport, Illinois and on August 27, 2012 near Palos Park, Illinois. The letter proposes a civil penalty of $2.3 million. Buckeye, as operator of West Shore, is seeking a reduction in the amount of the proposed penalty. Buckeye is entitled to certain indemnifications by West Shore pursuant to an agreement between BPLC and West Shore, which we believe would result in West Shore indemnifying us for any penalties.

In December 2015, PHMSA issued to Buckeye a notice of probable violation (NOPV 1-2015-5021) relating to a July 2013 inspection of the Malvern, Booth and Macungie area pipelines. Buckeye responded contesting certain of the alleged violations and requesting a reduced penalty. PHMSA granted a slight penalty reduction, and in December 2016, Buckeye paid a penalty of approximately $0.2 million.

Item 4. *Mine Safety Disclosures*

Not applicable.

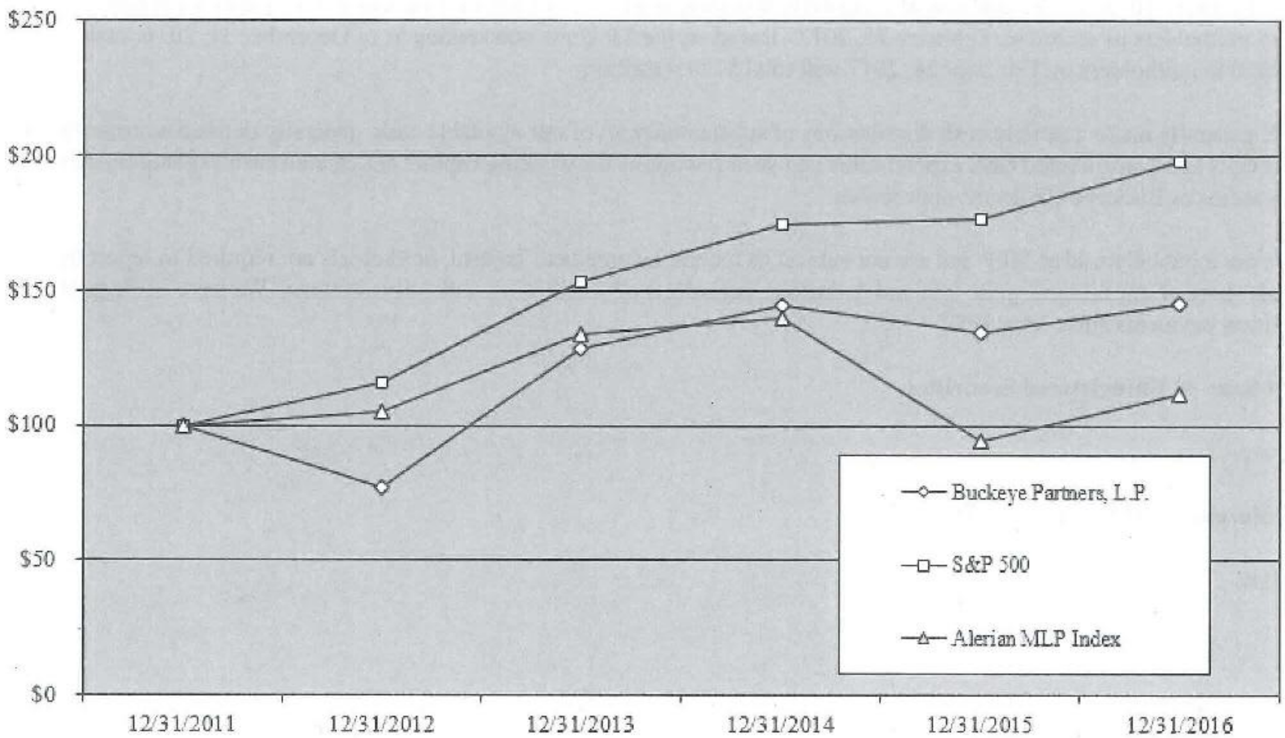
PART II

Item 5. ***Market for the Registrant's LP Units, Related Unitholder Matters, and Issuer Purchases of LP Units***

Our LP Units are listed and traded on the NYSE under the symbol "BPL." The high and low sales prices of our LP Units during the years ended December 31, 2016 and 2015, as reported in the NYSE Composite Transactions, were as follows:

	2016		2015	
Quarter	High	Low	High	Low
First	$ 70.84	$ 47.07	$ 78.30	$ 69.52
Second	74.35	62.29	82.98	73.93
Third	75.10	67.11	76.56	52.91
Fourth	71.79	61.37	72.43	52.04

The following graph compares the total unitholder return performance of our LP Units with the performance of: (i) the Standard & Poor's 500 Stock Index ("S&P 500") and (ii) the Alerian MLP Index. The Alerian MLP Index is a composite of the 50 most prominent energy master limited partnerships that provides investors with a comprehensive benchmark for this asset class. The graph assumes that $100 was invested in our LP Units and each comparison index beginning on December 31, 2011 and that all distributions or dividends were reinvested on a quarterly basis.



	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016
Buckeye Partners, L.P.	$ 100.00	$ 76.80	$ 128.32	$ 144.79	$ 134.54	$ 145.14
S&P 500	100.00	116.00	153.57	174.60	177.01	198.18
Alerian MLP Index	100.00	104.80	133.70	140.13	94.46	111.75

We have gathered tax information from our known unitholders and from brokers/nominees and, based on the information collected, we estimate our number of beneficial unitholders to be approximately 152,500 at December 31, 2016.

Cash distributions paid to unitholders for the periods indicated were as follows:

Record Date	Payment Date	Amount Per LP Unit
February 18, 2014	February 25, 2014	$1.0875
May 12, 2014	May 19, 2014	$1.1000
August 18, 2014	August 25, 2014	$1.1125
November 18, 2014	November 25, 2014	$1.1250
February 17, 2015	February 24, 2015	$1.1375
May 11, 2015	May 18, 2015	$1.1500
August 10, 2015	August 17, 2015	$1.1625
November 9, 2015	November 17, 2015	$1.1750
February 23, 2016	March 1, 2016	$1.1875
May 16, 2016	May 23, 2016	$1.2000
August 15, 2016	August 22, 2016	$1.2125
November 15, 2016	November 22, 2016	$1.2250

On February 10, 2017, we announced a quarterly distribution of $1.2375 per LP Unit that will be paid on February 28, 2017, to unitholders of record on February 21, 2017. Based on the LP Units outstanding as of December 31, 2016, cash distributed to unitholders on February 28, 2017 will total $174.4 million.

We generally make quarterly cash distributions of substantially all of our available cash, generally defined as consolidated cash receipts less consolidated cash expenditures and such retentions for working capital, anticipated cash expenditures and contingencies as Buckeye GP deems appropriate.

We are a publicly traded MLP and are not subject to federal income tax. Instead, unitholders are required to report their allocable share of our income, gain, loss and deduction, regardless of whether we make distributions. We have made quarterly distribution payments since May 1987.

Recent Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

None.

Item 6. ***Selected Financial Data***

The following tables present our selected consolidated financial data from our audited consolidated financial statements for the periods and at the dates indicated. The tables should be read in conjunction with our consolidated financial statements and our accompanying notes thereto included in Item 8 of this Report (in thousands, except per unit amounts):

	Year Ended December 31,				
	2016	2015	2014	2013	2012
Income Statement Data:					
Revenue (1)	$ 3,248,376	$ 3,453,434	$ 6,620,247	$ 5,054,101	$ 4,285,903
Operating income (1) (2)	733,342	604,116	495,347	478,041	344,536
Income from continuing operations (1) (2)	548,675	438,391	334,498	351,599	235,879
Earnings per unit - diluted from continuing operations	$ 4.03	$ 3.41	$ 2.78	$ 3.23	$ 2.37
Cash distributions per LP Unit - declared	$ 4.88	$ 4.68	$ 4.48	$ 4.28	$ 4.15

	December 31,				
	2016	2015	2014	2013	2012
Balance Sheet Data:					
Total assets (3) (4)	$ 9,421,103	$ 8,369,281	$ 8,065,720	$ 6,988,024	$ 5,972,910
Long-term debt (4)	4,217,695	3,732,824	3,368,618	3,075,172	2,727,145
Total Buckeye Partners, L.P. capital	4,411,723	3,735,389	3,702,628	3,065,665	2,372,313

(1) The decrease in revenue for the years ended December 31, 2016 and 2015 compared to the year ended December 31, 2014 was primarily related to a decrease in sales volume and a decline of refined petroleum products prices in our Merchant Services segment. The decrease in sales volume was primarily related to more effective inventory management. See "Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations" for further discussion.

(2) During 2012, we recorded a $60.0 million asset impairment in our Domestic Pipelines & Terminals segment related to the abandonment of a portion of our NORCO pipeline system.

(3) Includes $181.7 million of assets held for sale as of December 31, 2013 relating to the Natural Gas Storage disposal group sold in December 2014. See Note 4 in the Notes to Consolidated Financial Statements for further discussion.

(4) Certain reclassifications of debt issuance costs have been made to prior year amounts to conform to current year presentation. In connection with the retrospective application of new accounting guidance for debt issuance costs, we reclassified $20.4 million, $17.5 million and $8.1 million of debt issuance costs originally included in "Other non-current assets" as of each respective year ending December 31, 2014 through 2012 to "Long-term debt" as a direct deduction from the carrying amount of debt liabilities, consistent with debt discounts.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our consolidated financial statements and our accompanying notes thereto included in Item 8 of this Report.

Business Overview

We own and operate a diversified network of integrated assets providing midstream logistic solutions, primarily consisting of the transportation, storage, processing and marketing of liquid petroleum products. We are one of the largest independent liquid petroleum products pipeline operators in the United States in terms of volumes delivered, with approximately 6,000 miles of pipeline. We also use our service expertise to operate and/or maintain third-party pipelines and perform certain engineering and construction services for our customers. Additionally, we are one of the largest independent terminalling and storage operators in the United States in terms of capacity available for service. Our terminal network comprises more than 120 liquid petroleum products terminals with aggregate storage capacity of over 115 million barrels across our portfolio of pipelines, inland terminals and marine terminals located primarily in the East Coast, Midwest and Gulf Coast regions of the United States and in the Caribbean. Our network of marine terminals enables us to facilitate global flows of crude oil and refined petroleum products offering our customers connectivity between supply areas and market centers through some of the world's most important bulk storage and blending hubs. Our flagship marine terminal in The Bahamas, BBH, is one of the largest marine crude oil and refined petroleum products storage facilities in the world and provides an array of logistics and blending services for the global flow of petroleum products. Our Gulf Coast regional hub, Buckeye Texas, offers world-class marine terminalling, storage and processing capabilities. Our recent acquisition of an indirect 50% equity interest in VTTI expands our international presence with premier storage and marine terminalling services for petroleum products predominantly located in key global energy hubs, including Northwest Europe, the United Arab Emirates and Singapore. We are also a wholesale distributor of refined petroleum products in areas served by our pipelines and terminals.

Our primary business objective is to provide stable and sustainable cash distributions to our unitholders, while maintaining a relatively low investment risk profile. The key elements of our strategy are to: (i) operate in a safe and environmentally responsible manner; (ii) maximize utilization of our assets at the lowest cost per unit; (iii) maintain stable long-term customer relationships; (iv) optimize, expand and diversify our portfolio of energy assets through accretive acquisitions and organic growth projects; and (v) maintain a solid, conservative financial position and our investment-grade credit rating.

Overview of Operating Results

Net income attributable to our unitholders was $535.6 million for the year ended December 31, 2016, which was an increase of $98.4 million, or 22.5%, from $437.2 million for the corresponding period in 2015. Operating income was $733.3 million for the year ended December 31, 2016, which is an increase of $129.2 million, or 21.4%, from $604.1 million for the corresponding period in 2015.

The increase in net income attributable to our unitholders was the result of increased contributions from each of our business segments. Our Global Marine Terminals segment benefited from higher asset utilization due to strong customer demand for our storage, throughput and terminalling services over the prior year, as well as increased available storage capacity as a result of capital investments, including the commissioning of the Buckeye Texas assets during the fourth quarter of 2015. In our Domestic Pipelines & Terminals segment, increases in terminalling storage and throughput revenue, pipeline transportation revenue and product recoveries, as well as $14 million in proceeds from the exercise by a customer of an early buy-out provision in a crude-by-rail contract, were the primary drivers for the increase over the prior year. Additionally, our Merchant Services segment benefited from higher margins due to continued effective inventory management.

These increases in net income attributable to our unitholders were partially offset by increases in depreciation and amortization expense due to the commissioning of the Buckeye Texas assets in our Global Marine Terminals segment during the fourth quarter of 2015 and expansion capital projects placed into service during 2015. In addition, an increase in interest and debt expense, due to lower capitalization of interest as a result of the placement in service of significant asset infrastructure at Buckeye Texas during the fourth quarter of 2015 and interest expense related to the long-term debt issued in the fourth quarter of 2016 to partially fund the VTTI Acquisition, also partially offset the increases to net income attributable to our unitholders.

See the "Results of Operations" section below for further discussion and analysis of our operating segments.